

Israel, Egypt Settle Major Problems On Sinai Pullout

From Agency Dispatches
CAIRO — Israel and Egypt signed an agreement Tuesday settling the major problems outstanding on Israel's final withdrawal in April from the Sinai peninsula, Egyptian Foreign Minister Kamal Hassan Ali said.

He described the agreement, which followed two days of talks in Cairo with Israeli Defense Minister Ariel Sharon, as "a great achievement and a great success."

Mr. Sharon met with Egyptian President Hosni Mubarak earlier Tuesday.

Diplomatic sources said Mr. Sharon conveyed a message to Mr. Mubarak from Israeli Prime Minister Menachem Begin that was believed to deal with the stalled negotiations on autonomy for the Palestinian inhabitants of the occupied Jordan West Bank and Gaza Strip.

The sources said minor differences persist about the future of the border town of Rafah in the extreme north and a small disputed territory in the south. There will be another meeting on March 15 to iron out these differences.

Mr. Sharon described his talk with Mr. Mubarak as "a very friendly meeting in a very friendly and warm atmosphere. I was very pleased and encouraged to hear that Egypt, like Israel, is committed to the Camp David accords and both countries see that Camp David is the way to comprehensive peace in the Middle East."

"We solved all the problems," Mr. Sharon said, "and we are very satisfied for everything we have seen here. We have complete belief that we are on the right way and that we are approaching real, true peace."

Israel is due to return the last segment of the Sinai to Egypt by April 26 under the terms of the 1979 Camp David peace treaties. In Jerusalem, meanwhile, Mr. Begin was reported to be bolder back Israeli approval of the participation of four European countries in the U.S.-sponsored multinational peacekeeping force in the Sinai until Israel receives additional changes in the countries' written commitments to join the force.

When Britain, France, Italy and the Netherlands agreed last

Wednesday to contribute troops to the peacekeeping force, they pulled back significantly from their original contention that participation would be linked to the European Economic Community's Venice declaration of June, 1980. The declaration said the Palestine Liberation Organization must be involved in a Middle East peace agreement.

But Israeli government sources said Tuesday that the new European declarations, although an improvement over the original responses, are "still problematical" and in need of "further clarifications or possibly changes."

"Although they are not polemics like the first ones, they are still not what we asked for, and we are trying to work it out quietly," a government official said. He said that the question might be brought before the Israeli Cabinet on Sunday, but that even more time may be needed for a decision.

"It took five weeks for the Europeans to give their answer. I don't want to give the impression that we are dealing with this with any sense of urgency," said the Israeli official, who asked not to be identified.

The issue is of growing concern to the United States — which under the Camp David accords agreed to form the 2,500-member multinational force — because only three months remain before Israel is scheduled to complete its withdrawal from the Sinai.

Although the four European countries are expected to contribute only a few hundred troops, Canada, Australia and New Zealand have made their participation in the force conditional on the acceptance of the EEC members.

The newest European commitments have not been made public, but they are understood to have referred to the countries' original statements of agreement to participate in the peacekeeping force and to letters of confirmation of participation that were sent to U.S. Secretary of State Alexander M. Haig Jr. in late November.

Those documents, in turn, referred to the Venice declaration and the right of Palestinian self-determination, which was the source of the original Israeli objections.



FINLAND'S NEXT PRESIDENT — Premier Mauno Koivisto talks with foreign reporters in Helsinki after winning a landslide victory in Finnish presidential elections. Details, Page 2.

Poland, Fearing Demonstrations, Lowers Planned Price Increases

By Dan Fisher
Los Angeles Times Service

WARSAW — The martial-law government, concerned over possible demonstrations against sharp increases in consumer prices planned for Feb. 1, on Tuesday lowered the increases slightly and pleaded for public understanding.

The government also revised its proposed compensation system so that a larger share of the higher costs will be offset by wage and pension boosts.

The schedule still calls for price increases of 200 percent to 500 percent for basic foodstuffs and home utilities — by far the steepest ever attempted here.

"That gives rise to justified concern," the Council of Ministers said in an "open letter" released simultaneously with the price revisions. "For earlier attempts to reform the price system on a much smaller scale encountered the resistance of many social groups."

Postwar Social Upheavals
However, the government statement added, "it is precisely because society for years refused to agree to such changes that today the scale [of the increases] is so big. It is the bill made out to us by economics for not respecting its laws for many, many years."

Government efforts to rationalize the country's system of wages and prices have been behind every major social upheaval in Poland's postwar history. They have brought the downfall of three of its five Communist Party leaders — Edward Ochab in 1956, Wladyslaw Gomulka in 1970 and Edward Giermek in 1980.

It was food price increases announced by the government in July, 1980, that led to nationwide strikes and the emergence of the Solidarity free trade union movement a month later.

The proposed increases are thus seen as a major test of whether the martial-law government can continue to control the situation. The authorities quickly put down a rash of strikes in the first 15 days of martial law, but there is admittedly considerable hostility over the crackdown just below the surface appearance of near-normalcy that has pervaded since late December. And officials concede in private that they fear the price raises could set off new demonstrations and more bloodshed.

"You can't expect any society to take those sorts of price increases lying down," one Pole commented.

Another pointed out that while the announced increases affect only food and utilities, similar percentage increases are slowly being posted for many consumer goods. Even the better off Poles are going to be upset when they find that the car or refrigerator they have been saving for has suddenly doubled in price, a young woman said.

From Hand to Mouth
Millions of other Poles are living from hand to mouth as it is, and even the revised system of compensation announced by the government will not offset the price increases on essential items.

Compounding the danger is that the prices are to go into effect at about the same time that universi-

ty campuses are scheduled to reopen, in many cases for the first time since October, when student strikes closed dozens of colleges.

"I think the threat of outside intervention was very serious [before martial law was declared] and that it's still there," a Communist Party official said. "Should the price increase operation fail, and if there are also student disturbances, I think the Soviet Union would intervene."

Wealth-informed sources said the government had planned all along to make some cosmetic reductions in the price schedule announced earlier this month in order to show their "sensitivity" to the anticipated public grumbling.

The schedule published Tuesday showed reductions for all home utilities, from between 244 and 444 percent to between 163 and 300 percent. Food price increases are to remain as proposed, ranging from 250 percent to nearly 500 percent on staples and meat.

The new compensation system was changed considerably from the original proposal, ostensibly to

take more of the bite out of the price increases, particularly for manual laborers. However, it is less regressive than the original plan — while those with the lowest incomes will get slightly bigger wage and pension increases, those with higher incomes fare far better.

The system envisions full compensation for all Poles to offset basic food price increases plus additional aid, varying inversely to income, to help offset price raises for other foodstuffs and utilities.

"We must bear this burden today so as to attain an improvement of the situation in the not-too-far distant future," the open letter from the government said.

"It won't occur overnight. We cannot promise that the shops will be full of goods starting Feb. 2. But it is possible that within a few months there will be a tangible increase in output and that by the end of the year the market situation will start returning to normal. We cannot waste this possibility."

The letter called for "understanding of the aim of the proposed reform."

Communist Robert Chambeiron of France and Italian Radical Marco Pannella withdrew after the second round of voting to present a unified front for the left. Mr. Chambeiron later asked his supporters to vote for Mr. Dankert.

Under the Parliament's bylaws, if no candidate wins an absolute majority by the third round of voting, the two biggest vote-getters face each other in a fourth round where only a simple majority is needed to win.

Officials said after the second round of voting that Mr. Klepsch, 51, leader of the 117-member Christian Democrats, appeared to have been abandoned by some members of his own group and the 39-strong Liberals.

Mr. Dankert, 47, has been a vice president of the Parliament, which is the advisory branch of the 10-nation European Economic Community. The second direct elections to the Parliament will be held throughout the EEC in 1984. More than 100 million people voted in the first elections in 1979.

Apart from its control over about 25 percent of the budget and its power to dismiss the EEC Commission, the Parliament mainly produces reports on policy. But most members see it in the embryo of a truly legislative assembly for a united Europe. Mrs. Veil recently requested the power to veto some ministerial decisions and propose EEC legislation.

Parliamentary sources said the British Conservatives, who voted in the first two rounds for Sir James, made it clear to the Christian Democrats that they would not transfer their votes to Mr. Klepsch. They suggested that a new candidate for the right wing be found — possibly Mrs. Veil or Strasbourg Mayor Pierre Pflimlin, a Christian Democrat.



The Israeli minister of defense, Ariel Sharon, met the press after his talks with Egyptian President Mubarak in Cairo Tuesday. The Egyptian foreign minister, Kamal Hassan Ali, looks on.

Syrians Fire Missiles At Israeli Warplanes

From Agency Dispatches

BEIRUT — Israeli warplanes flew over Lebanon's eastern Bekaa Valley Tuesday, drawing fire from Syrian ground-to-air missile batteries there for the first time since last year's Syrian-Israeli missile crisis, security officials said.

Israeli planes also overflew the Lebanese capital, where Syrian and Palestinian gunners opened up on them with anti-aircraft fire. In southern Lebanon, Palestinian sources said guerrillas fired three shoulder-launched missiles at four Israeli military aircraft flying low over the Sidon area.

None of the Israeli planes was hit, the officials said, and Israel denied Lebanese claims that the planes were attacked with Soviet-made SAM-6 missiles.

The Bekaa overflights, the first for some months, came amid Palestinian and Western reports of Israeli plans to attack guerrilla and Syrian targets in Lebanon.

The Palestinian news agency WAFA reported Monday that Is-

raeli military activities along the Lebanese frontier had intensified during the previous 24 hours.

Tension between Syria and Israel has been rising since Israel annexed the Syrian Golan Heights last month.

An official at the radical Democratic Front for the Liberation of Palestine said the overflights were "more than just routine photographic missions." He said, "For the first time in some months the Israeli planes are flying in combat patterns. The only thing missing is actual raids and attacks."

A Lebanese security official in the Bekaa town of Saida, 24 miles (38 kilometers) east of Beirut, said, "Two Israeli warplanes flew over the region and two SAM-6s were fired in their direction."

Syria deployed several SAM batteries in the Bekaa last April 29, one day after losing two helicopters to attacking Israeli warplanes in the region. The deployment

(Continued on Page 2, Col. 3)

More Sanctions Possible On Poland, Reagan Says

By Fred Farris
and Robert C. Siner
International Herald Tribune

WASHINGTON — President Reagan said Tuesday that although the U.S. sanctions against the Soviet Union and the Warsaw military government have had an effect, the situation in Poland was "deteriorating" and he hinted at new U.S. steps against the Communist governments.

"We're not going to wait forever for improvement in the situation," the president said at a news conference, his first this year and just one day before his first anniversary in office, "and we have other steps we can take."

But Mr. Reagan declined to specify the additional punitive measures his administration might be planning if the martial-law crackdown in Poland continued. Nor would the president state the results he thought were accomplished by his sanctions on trade, fishing rights, air commerce and other relations with Moscow and Warsaw, imposed after martial law was declared in Poland on Dec. 13.

But he cited a lengthy communication from Pope John Paul II in which he said the pontiff "approves of what we've done so far — he believes it has been beneficial."

Speaking of the U.S. sanctions, Mr. Reagan said: "We think there has been an impression made and we have held back on some things additionally that we can do, things we consider can add to the steps we've already taken."

But in his response to a question, the president conceded:

"There is no question that the situation in Poland is deteriorating. They [the Warsaw authorities] have tried to present it as moderating. It isn't. The people are still imprisoned, there is no communication with Solidarity or between the military government and the people and military law is still in effect."

On the Middle East, Mr. Reagan said the United States would not set a deadline for reaching an agreement between Israel and Egypt on Palestinian autonomy in the occupied areas. But he said: "We want to help if we can."

He added: "We are most hopeful that we can be of help and that they will, at least by the Sinai time [Israeli evacuation of the remaining third of the Sinai, set for April 25], get down to ... a kind of plan for proceeding."

Secretary of State Alexander M. Haig Jr., who returned Sunday from a fact-finding visit to Egypt and Israel, will return to the Middle East, Mr. Reagan said, although a date has not been set.

Most of the president's news conference was devoted to the economic problems of the nation and other domestic issues, but — in the context of heavy projected military spending at a time of looming \$100-billion budget deficits — the president justified his arms building plan as necessary to avoid a conflict.

"I hope and pray with all my might that the weapons won't be used," he told a questioner. "I also happen to believe that that is the purpose. If military defense is well done, it doesn't have to be used. We've never gotten into a war because we were too strong."

In reference to the defense effort, Mr. Reagan said his administration was "engaged in rebuilding something that was allowed to deteriorate very badly in recent years. We are way behind where we should be now."

He continued: "The purpose is, if we're to sit down with the potential enemy and talk arms reduction, as we're doing right now, we are going to be far more successful if our adversary knows that the alternative is a buildup to a commensurate level with him on our side."

"Up until now in previous negotiations, they haven't had to make any concession because we were unilaterally disarming."

On domestic matters, Mr. Reagan said he originated the controversial decision to halt the denial of tax exemptions to segregated schools but insisted that, nevertheless, he was "opposed in every fiber of my being" to discrimination.

Asked about rising unemployment and lagging investment, Mr. Reagan defended his economic program. He blamed the unemployment rate on the previous administration and the low investment rate on unnecessary but understandable caution by investors.

He said, as he has in previous press conferences, that his program was beginning to work by bringing down inflation and interest rates. "I'm quite sure we are going to see an upswing in the economy that is the answer to these problems," he said.

Mr. Reagan also said that he did not think that business had failed to react to his program of economic incentives.

Allies Meet On Penalizing Soviet Union

From Agency Dispatches

PARIS — The United States and its leading allies opened a two-day meeting here Tuesday on narrowing their differences on technological exports to the Soviet bloc. France, in an unusual move, highlighted the start of the talks with a disclosure that it had "greatly tightened" the screw on such sales.

The talks were held by the Coordinating Committee for Multilateral Export Controls, an offshoot of the North Atlantic Treaty Organization.

The session began while authoritative French sources disclosed that on the order of President Francois Mitterrand, sales of highly sensitive technology to the Communist bloc already had been placed under strict control even before the declaration of martial law in Poland.

The seven leading Western allies decided at their summit conference in Ottawa last July to try to revise (Continued on Page 2, Col. 1)

Dutch Socialist Wins Leadership Of Europarlament on 4th Vote

Reuters

STRASBOURG — The European Parliament elected Dutch Socialist Pieter Dankert as its new president Tuesday night to succeed French Liberal Simone Veil, French Gaullist Louise Weiss announced.

Mr. Dankert gained 191 votes in the fourth round of voting against 175 for Christian Democrat Egon Klepsch of West Germany, Mrs. Weiss, 87, the oldest member of the Parliament, told the 434-member assembly.

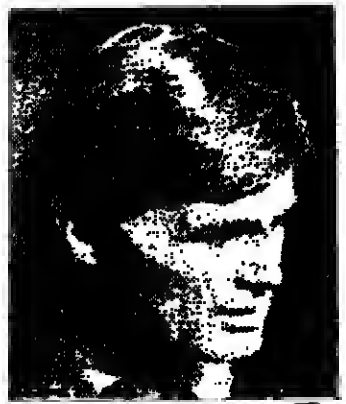
The result, ending Mrs. Veil's 30-month term as president, came after about 12 hours of voting, which entered a third round with a split between the Parliament's rightist groups, despite about six hours of negotiations, apparently

opening the way for Mr. Dankert to win.

Mr. Klepsch won 140 votes in the first round, 130 in the second and 156 in the third, while Mr. Dankert scored 106, 114 and 162.

Officials said Mr. Klepsch resisted pressure from British Conservatives and the Liberal group to step down, possibly in favor of Mrs. Veil. Both Mr. Klepsch and Conservative Sir James Scott-Hopkins declared they were staying in the race after the second round of voting. Sir James received 63 votes in the first round and 67 in each of the next two.

Parliament officials said the two men's continued presence and the apparent refusal of the 63-member British Conservative group to rally behind Mr. Klepsch seemed to have opened the way for a victory for Mr. Dankert. Officials had said earlier that Mrs. Veil might announce her candidacy before the third round if an alliance of rightist groups around Mr. Klepsch emerged, but Mrs. Veil did not enter the race.



Pieter Dankert

Reagan Prepares Plan To Boost States' Funds

By David S. Broder
Washington Post Service

WASHINGTON — President Reagan is preparing a package of fiscal aid and program transfers for states and cities that would begin to put flesh on the bones of his promise to shift revenues and responsibilities from Washington.

Senate Majority Leader Howard H. Baker Jr., Republican of Tennessee, said Monday that the program would be a "bundling" after he and House Minority Leader Robert H. Michel, an Illinois Republican, were briefed by the president.

Neither Rep. Baker nor Rep. Michel would elaborate on the contents, preserving the secrecy

Poll shows most Americans think Reagan's policies have hurt the economy, but they are willing to give the program a chance. Page 3.

the White House hopes to maintain until Mr. Reagan gives his State of the Union address next Tuesday. But sources on Capitol Hill said it would probably include some or all of these items:

• A sizable boost to federal excise and luxury taxes, with some of the proceeds going to the states and the rest being used, for the next few years, to reduce federal deficits. In return, states would take over some federal education programs.

• An increase in federal gasoline taxes, with most of the proceeds earmarked for the interstate highway system but some ticketed to help mass transit systems.

• A trade of multibillion-dollar welfare programs. The federal government would take over the state share of Medicaid payments for the elderly and state portions of Supplemental Security Income payments for the elderly and disabled, in return for the states' assumption of the federal share of Aid to Families With Dependent Children.

• An increase in federal revenue-sharing funds for the cities, in return for cancellation of some federal urban aid programs, but not the popular community development block grants or urban development action grants.

Sources on Capitol Hill cautioned that none of these elements was assured and said further proposals were likely.

No one could estimate with accuracy what the net effect of the package would be on state and local budgets. But officials said that the president had been influenced by a number of senators to take seriously complaints from governors and mayors that budget cuts had hurt them disproportionately.

Mr. Reagan was reported to be pressing aides to find ways in which the federal government could demonstrate its serious intent to shift revenue sources and programs to state and local governments. Some congressional analysts said, however, that they thought the tradeoffs might do more to reduce the federal budget deficit than ease the fiscal pressure on states and cities.

Meanwhile, the director of the Office of Management and Budget (OMB), David Stockman, found himself embroiled in contro-

versies with two members of the House Republican leadership and with the Democratic chairman of the House Budget Committee.

In a blunt "Dear Dave" letter, Trent Lott of Mississippi, the House Republican whip, and Jack Kemp of New York, the chairman of the House Republican Conference, accused Mr. Stockman of pushing excise tax increases that "go after the little guy" while condoning up to \$30 billion a year of what they called "corporate welfare."

The two Republicans said they were "deeply disturbed by the lack of political and economic common sense" in the campaign by Mr. Stockman and other presidential aides to persuade Mr. Reagan to raise taxes.

OMB seems to be saying that the economic problem today is that working men and women have too much money to spend, and that the only solution is to raise taxes on the average citizen's consumption of beer, gasoline and other personal items, Reps. Lott and Kemp said.

The House Budget Committee chairman, Jim Jones, an Oklahoma Democrat, told reporters that Mr. Stockman had broken off communication with him since last fall. Rep. Jones asserted that such isolation reduces the chances for cooperation on the "politically difficult" decisions he said will be necessary to avoid budget deficits of more than \$100 billion in each of the next three years.

An OMB spokesman said it was "not abnormal at all" for Mr. Stockman to have suspended discussions with Rep. Jones while the president was making his budget decisions, adding, "He couldn't very well have much consultation until he knew what the president's main decisions were going to be."

INSIDE

Paris Takeovers

The French government, responding to a ruling that provisions in its decentralization program are unconstitutional, is expected to approve a revised and more generous reimbursement plan for shareholders. Page 2.

Nuclear Foes

In what was evidently a political protest, five Soviet-made rockets were fired at France's most-advanced nuclear power construction project, near Lyons. Page 2.

Sioux Suit

In Washington, the decades-long effort by a tribe of Sioux Indians to regain the mineral-rich Black Hills of South Dakota ended in the U.S. Supreme Court. Page 3.

Focus: Zimbabwe

A supplement on Zimbabwe appears on Pages SS-7B.

Polish Events May Be 'Cooling' Anti-Nuclear Movement

By John Vinocur
New York Times Service

BRUSSELS — An organization called the World Peace Council held three days of meetings in Copenhagen last week focusing on NATO's plan for deploying intermediate-range nuclear missiles in Western Europe. According to reports received here, attendance and press coverage were slim.

The organization has long had a reputation as a Soviet front — an accusation it denies — but the relative lack of interest in its work was noteworthy in Denmark, a country passionately involved last year in the European debate about nuclear missiles and zones free of atomic weapons. Most of the questions asked at a news conference afterward were about Poland.

The report from Copenhagen was one of several from various points in Europe suggesting that the imposition of martial law in Poland was having a braking effect

Peace Groups Seem to Be Confused About How to React

on the anti-nuclear forces in Western Europe.

U.S. British and West German officials questioned here and in other capitals have noted the confused and contradictory statements coming from various groups associated with the anti-nuclear movement, but are reluctant to project a definitive loss in its influence.

The caution is based both on a desire not to antagonize the movement by suggesting that its demise would be welcomed, and on a conviction that its potential influence may have a number of peaks and valleys over the period leading to a possible deployment of Pershing-2 and Cruise missiles in NATO countries at the end of 1983.

But if the effect on the demonstrations in Western Europe during the fall of 1981 was to give

phases to the idea held by many in the movement that NATO deployment of missiles constitutes the central threat to peace in Europe, then the events in Poland appear to undercut this point of view.

"The Polish situation has a certain cooling effect," said Karl Kaiser, a West German political scientist with close ties to the Bonn government. "It reinforces President Reagan's zero-solution offer on the nuclear missiles in slowing the dynamics and momentum of the movement."

The mention of the zero-solution offer was a reference to a suggestion made by Mr. Reagan before negotiations on the missiles began in Geneva that NATO would abandon its deployment plan if the Soviet Union removed some of the missiles it already has in place. At that point, the peace movement seemed to lose an aspect

of its unity in a dispute between those of its adherents who called the U.S. offer a trick and those who took it at face value.

Now, the Polish issue has led members of the peace groups to express concern that their effectiveness will be diminished if they are seen as a one-issue lobby. This in turn has created some contradictions among the movement's loosely allied elements, particularly about whether Poland should be linked in some way to the nuclear disarmament question.

The differing points of view were apparent at a seminar last week involving the Inter-Church Peace Council of the Netherlands, which serves as the central Dutch coordinating group, and Aktion Sühnezeichen, a West German umbrella organization that was the main sponsor of the anti-nuclear demonstration in Bonn last year.

Ben de Veer, chairman of the Dutch group, told a reporter in reference to the Solidarity trade union: "We've known from the beginning that if either process, ours or theirs, failed, it would have a strong influence on the other. Of course, we'll continue our battle against nuclear weapons — that has not changed — but we regret and reproach ourselves for not having enough contact with Solidarity."

"We are sure that many of the Polish people admire Reagan's strong-handed policies — we've got no illusions about that — but if we had contact, we might have convinced them that détente and not Reagan politics would have helped them."

Others involved in the organization of various demonstrations over the past six months have tried to keep the two issues separated.

Willy Fricke, chairman of the youth wing of West Germany's Social Democratic Party, which called the protest march against U.S. Secretary of State Alexander M. Haig Jr. in West Berlin last September, said: "I consider it dangerous for the movement to link the two questions. Poland is one thing, the missiles are another. I don't believe the movement will allow them to be joined."

This attitude carries the potential for sharp divisions and possible loss of support from some of the figures who have given the movement its moral status. Heinrich Böll, the West German Nobel literature laureate and a speaker at the Bonn rally in October, sharply attacked what he described as the silence in his country about Poland. The accusation necessarily included the movement itself in West Germany, and the West German Protestant church, which has been largely passive in developing public opinion concerning the Polish situation.

Erhard Eppler, a former Social Democratic cabinet minister and a leader of those segments of the movement mainly concerned with blocking the NATO deployment, acknowledged that martial law in Poland "was a blow to the peace movement."

But it will not be a fatal one, Mr. Eppler said. "The mass appeal of the peace movement will not be diminished," he declared. "It might have happened if the American reaction had been more prudent and cautious. But now I feel that the peace movement is beginning to turn against the U.S. policy of sanctions, which cannot help the Poles and can only increase Russian influence in Poland."

A West German analyst said he felt that Mr. Eppler's line would be ineffective because it too patently sought to turn attention from the cause of the situation in Poland to the U.S. reaction.

Another factor, resulting partly from the Polish question, that may remove some of the movement's attractiveness will be its increasing difficulty in portraying itself as pan-European or pan-Germanic initiative.

Small signs of anti-war protests in Eastern Europe, notably in East Germany, were taken as justifications of the movement's European legitimacy, but there have been press reports from East Berlin this week describing government attempts to stop expressions of concern there about the arms race in the East as well as the West.

It is under these circumstances that the groups are continuing to plan for a series of major demonstrations this spring, starting with a protest scheduled to coincide with talks in Geneva this month between Mr. Haig and Andrei A. Gromyko, the Soviet foreign minister. Other demonstrations, including 10 separate marches in West Germany in April, will be accompanied by a campaign, aimed at schools and churches, in favor of an "atom-free Europe."

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PASSAGE OF ARMS — Lt. Gen. Ramón Tagores, left, the new chief of staff of the Spanish Army, embracing the outgoing chief of staff, Lt. Gen. José Caballero Montero, at a ceremony at Madrid headquarters Monday. Gen. Tagores was named to the post last week.

Koivisto Vows Continued Neutrality After Landslide Victory in Finland

From Agency Dispatches

HELSINKI — After winning a landslide victory in Finnish elections, Mauno Koivisto has vowed to maintain Finland's neutrality when he is confirmed as the country's first Socialist president.

Mr. Koivisto, the present Finnish premier, claimed the presidential victory when the returns of Sunday and Monday virtually assured his confirmation by an electoral college next Tuesday. He will replace Urho Kekkonen, 81, who resigned last October after 25 years in office.

Mr. Kekkonen guided Finland through a generation of peace with the Soviet Union, with which it shares an 800-mile (1,280-kilometer) eastern frontier, by maintaining a policy of neutrality between the East and West blocs.

Mr. Kekkonen, Finland's ninth president, was forced to resign three years before the end of his fifth term because of arteriosclerosis.

Record Turnout

"Let's hope I am able to carry on with our policy," Mr. Koivisto said after a record 86.6 percent turnout by the 3.9 million registered voters.

"Our position is recognized by other countries and governments," he noted, saying that Finnish neutrality is "a safety factor in world politics."

The voters gave Mr. Koivisto's Social Democrats a near-outright majority on the 301-member electoral council that will choose a new president by secret ballot. In theory, leaders of the six non-Socialist parties in the Finnish Parliament could combine to block Mr. Koivisto when the electoral council meets. But Mr. Koivisto's showing in the first round was so powerful that his opponents, without formally conceding defeat, promptly and publicly congratulated him on having won the presidency.

Mr. Koivisto's followers won 145 seats. Those of his ally, Education Minister Kalevi Kivimäki, a member of the Communist Party's moderate wing, took 32 seats.

The Center Party of Johannes Virolainen, the parliamentary speaker, took 53 electoral seats. Mr. Koivisto's other main rival, Harri Holkeri, led his conservative National Coalition Party to 58 of the electoral seats.

The Communist candidate immediately guaranteed that Mr. Koivisto would receive the votes necessary for election.

Candidates for the electoral

council are nominated by the parliamentary parties but are not legally bound to them when the council votes. Some individual council members said, however, that they would back Mr. Koivisto by voting across party lines in the second stage of the election process.

The extent of Mr. Koivisto's support — far exceeding opinion poll predictions — showed that voters also were willing to cross party lines. Mr. Koivisto is a moderate who as governor of the Bank of Finland for nearly 14 years followed a monetarist line to cope with inflation and unemployment.

The election result, he said, "might be a very nice sign of the recognition that a man of the left can be elected."

The constitution specifies that the conduct of foreign affairs is the president's first task. For neutral Finland, that means maintaining stable and friendly relations with the Soviet Union, its chief trading partner, while continuing ties with the West.

Mr. Koivisto, a self-educated dockworker who has never been a member of Parliament, has said he will not allow the presidency to exert the near-regal influence over Finnish affairs as it did under Mr. Kekkonen.

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France Expected to Increase Takeover Terms

By Axel Krause

International Herald Tribune

PARIS — Responding to a ruling that provisions in its nationalization program are unconstitutional, the French government is expected to approve more generous reimbursement for shareholders of companies and banks targeted for takeover, government sources said Tuesday.

Assuming the plan is approved as expected during the regular Cabinet meeting Wednesday, it could add an estimated 4 billion francs (\$688 million) or more in government payments, which previously had been estimated at between 28 and 30 billion francs.

In a related development, Honeywell, the U.S. computer company, announced plans to reduce its shareholding in CII-

Honeywell Bull to 19 percent from 47 percent. Saint-Gobain, one of five industrial groups to be nationalized, holds 53 percent of the French computer firm.

Negotiations Expected

The planned cutback by the Minneapolis-based company could result in the government paying Honeywell \$160 million under terms of a 1976 agreement establishing CII-Honeywell Bull, French company sources said Tuesday.

E.M. Spencer, chairman of the U.S. company, is expected to meet with French government officials in Minneapolis for negotiations this week, the sources said. They added that Honeywell wants to reduce its exposure to the French company's continuing losses,

which totaled 250 million francs during the first half of last year, and that Honeywell probably will seek to cut its share even more.

On the nationalization program, the terms of the government's reimbursement plan call for basing the price of shares of targeted companies on their best monthly average on the Paris Bourse between Oct. 1, 1980 and March 31, 1980, according to published reports that government sources confirmed.

The previously proposed method based the value of nationalized groups on a three-year average of their share values ending in 1980, as well as on the estimated value of assets and profits divided by the number of outstanding shares.

France's Constitutional Council, which rules on the legality of legislation, announced Saturday that

the government had used an "unsatisfactory method" in calculating the worth of the groups, which also include 36 banks and two financial holding companies.

The revised government plan also will include payments to cover the 1981 dividends of the nationalized groups, which had been excluded under the original plan. The per-share dividend payments will be equal to the 1980 dividend, increased by 14 percent to cover inflation. This adds another 2 billion francs to government payments, the sources said.

Privately owned banks whose stock is not quoted on exchanges will be temporarily excluded from the nationalization program until Jan. 1, 1983, according to the new plan. A committee will be established to determine compensation.

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Allies Meet On Sanctions

(Continued from Page 1)

the 30-year-old lists of material classed by the export control committee as strategic. The list dates to the Cold War in the 1950s and has largely been ignored since the detente of the 1960s.

James L. Buckley, undersecretary of state for international security affairs, was representing the United States at the Paris meeting, which was attended by senior experts from the 15 NATO nations minus Iceland, plus Japan.

Diplomats familiar with the problems of the export control committee said that the main dispute was expected to be over U.S. demands that Europeans delay plans to build a 3,000-mile-long pipeline to bring Soviet natural gas from Siberia to Western Europe for technological exports under a \$10-billion deal.

The Reagan administration has said that the project — which by the late 1980s is to be providing France, West Germany, Italy with about one-third of their gas imports — will give the Soviet Union a stranglehold on the economies of Western Europe.

As part of the economic sanctions imposed on the Soviet Union last month, the United States barred the export of U.S.-made equipment for the pipeline, which is due to be operating in 1984. The French and West German governments have said, however, that they will go ahead with the project. Both regard it as vital for development of their energy supplies.

Russia Said to Seek Credit

FRANKFURT (UPI) — West German bankers involved in financing the construction of the gas pipeline conferred Tuesday after the Soviet Union asked for an additional \$150-million in credit, informed sources said. According to the sources, the Russians asked West Germany to finance the \$150 million, which is due to be paid by Moscow this spring.

Sanction Accord Reported

BONN (AP) — The French ambassador in West Germany, Jean-Pierre Brunet, said in an interview published Tuesday that the Bonn and Paris governments were close in their position on possible sanctions against the Soviet bloc.

Mr. Brunet told Bild Zeitung: "We French know from history that sanctions only produce the desired effect in exceptional cases. That is why the French attitude on sanctions is very close to the German position: We are skeptical."

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Rockets Hit French Nuclear Site; Ecological Group Claims Attack

From Agency Dispatches

LYONS — Five Soviet-made rockets were fired at France's most advanced nuclear construction project Monday night, causing little damage but marking a new phase in the opposition to atomic energy.

The attackers fired obsolete, Soviet RPK-7, anti-tank rockets from a hill 600 meters across the Rhone River at Creys-Malville, scoring four direct hits on the concrete outer shell of the \$1.5-billion nuclear plant, the police said.

An anonymous caller claimed responsibility for a "pacifist and ecologist committee" by telephone to Agence France-Presse, the French news agency, the police added.

The Creys-Malville nuclear site has been the scene of fierce opposition in the past. A West German demonstrator died there in 1977 during fighting between protesters and police.

1,200-Megawatt Reactor

The 1,200-megawatt reactor, still under construction and scheduled to become part of the French nuclear grid in 1983, has provoked determined opposition because its new fast-breeder core will produce plutonium, the radioactive and poisonous substance which also is used in nuclear weapons.

The Super-Phenix will be the world's first commercial nuclear reactor using plutonium. France hopes the Super-Phenix reactors will allow it to sharply curtail its dependence on Middle East oil. It is pioneering the fast-breeder technology, which, according to technicians, will produce more energy than it consumes.

Officials have sought to reassure the local population about safety

Blinding Disease Fells Chamois in Italian Alps

The Associated Press

MACUGNAGA, Italy — Dozens of chamois have died in Italy's western Alps in the last few weeks following an epidemic that has been blinding the small, goatlike antelopes.

Italian Alpine guides and naturalists reported that the blind chamois died of starvation or

Reagan Tries to Clarify Policy on Tax Status Of Race-Bias Schools

By George Skelton
Los Angeles Times Service

WASHINGTON — Struggling to escape a political furor of its own making, the Reagan administration has announced that it will not consider new applications for tax exemptions from private schools that racially discriminate until Congress acts on the matter.

But it will move ahead, apparently very slowly, and grant exemptions for two Southern institutions that spurred the controversy: Bob Jones University of Greenville, S.C., and Goldboro Christian Schools of Goldboro, N.C.

However, if Congress passes legislation proposed Monday by President Reagan to prohibit tax exemptions for any schools that discriminate on the basis of race, the two institutions would have to return any tax benefits they might receive.

It was a strained, contorted shift in policy that the White House announced late Monday — the third such shift in 10 days.

On Jan. 8, the administration announced it was reversing the Internal Revenue Service's 11-year-old policy of denying tax exemptions to private institutions that racially discriminate. Officials said Congress had never authorized the exemptions. The administration also said it had no plans to ask Congress to grant the authority.

Four days later, after being bitterly criticized by minority groups, civil libertarians and politicians of both major parties, Mr. Reagan announced he would propose specific legislation authorizing the IRS to deny the exemptions. But the administration was silent on whether the IRS would grant the exemptions while Congress considered the matter.

On Monday the administration announced that while the legislation is pending the IRS will not act on any requests for tax exemptions from racially discriminating schools, except in the cases of Bob Jones and Goldboro.

Survey Finds Reagan Hurt By Economy

By Adam Clymer
New York Times Service

NEW YORK — Americans generally feel that President Reagan's program has hurt the economy so far, and this opinion is costing him support, according to the latest New York Times-CBS News poll. But an even larger percentage think that the program will eventually help the country.

Fifty-one percent of those polled said they believed that the program had hurt the economy thus far. But 60 percent, including half the Americans who say they expect unemployment to hit their own family in the next year, said they thought the president's economic program would eventually help the nation.

Twenty-six percent said they thought it would hurt in the long run and 14 percent had no opinion.

Despite this long-range hopefulness, the poll showed that at the moment the public holds the recession against Mr. Reagan. In the quarterly survey, taken to measure the president and his program as he completes his first year in the White House, overall approval of his job performance dipped to 49 percent, falling below 50 percent for the first time in Times-CBS News polls.

With 49 percent of the public approving of his handling of the presidency and 38 percent disapproving, Mr. Reagan stood weaker with the public than President Jimmy Carter did after a year in office. Four months ago, 53 percent voiced approval of Mr. Reagan and 33 percent indicated disapproval.

Asked "Are you better off now than you were one year ago?" 37 percent said yes, 62 percent said no and 1 percent offered no answer.

But the public's willingness to wait for Mr. Reagan's program to succeed was a key finding. Asked when the program should be judged, only 16 percent said now or by June, 24 percent said by the end of the year, and the remainder either cited longer periods or had no specific answer. But along with that patience came a negative reading on his handling of the problem: 42 percent approved and 48 percent disapproved.

The poll also reflected ambivalence about Mr. Reagan's handling of foreign policy.

An issue that angered his 1980 campaign returned with vigor, as 48 percent of the 1,540 voting-age Americans polled by telephone last week agreed that they were "afraid Ronald Reagan might get us into a war."

Evidence to the poll suggested that perhaps a third of those questioned were relatively untainted by the possible war. Even so, the 48 percent who voiced fears of war constituted a group considerably larger than the 39 percent who expressed such views at the end of the 1980 campaign, and was much higher than the 33 percent who took that position to April of last year.

At the same time, however, a steady 52 percent of the public said they approved of the president's handling of foreign policy and there was no evidence of significant dissatisfaction with the steps taken to reaction to martial law in Poland. Half the public thought in general that Mr. Reagan displayed "about the right level of firmness" in foreign policy. About a fifth felt he was too weak and another fifth regarded him as too aggressive.

The implications of the poll were clearer for the Republican Party than for Mr. Reagan. Those polled said they considered the Democrats, although narrowly, better able to solve the country's foremost problems.

When asked to name the most important problem, 62 percent cited the economy, either generally or in a specific area. Seventeen percent named unemployment, which overtook inflation — listed by 11 percent — for the first time in many years as the major problem.

DEATH NOTICE

JOHN MILLS of London and Monte Carlo, beloved husband of Diana, is now in New York City, after a courageous struggle against a long illness.

Services today, Wednesday 20th January, at Frank Campbell, 1076 Madison Avenue, New York.

The rationale for granting exemptions to these two schools was based in the administration's original interpretation of existing law, and the administration on Monday did not want to declare that its interpretation was in error, according to a senior official.

The controversy arose because Bob Jones and Goldboro, which say they racially discriminate for religious reasons, had been fighting in the courts for the tax exemption status, and the federal government had been opposing them. But Mr. Reagan had promised in the 1980 presidential campaign, during an appearance at Bob Jones, that he would stop the IRS from administering public policy not established by Congress.

Mr. Reagan kept that promise on Jan. 8. And besides ordering the IRS to stop denying the exemptions, the administration asked the Supreme Court to throw out the Bob Jones and Goldboro cases on grounds that they had become moot. So the administration could not on Monday turn around and announce it was not going to grant exemptions to the two schools after all, the official reason.

In a letter Monday to congressional leaders, made public by the White House, Mr. Reagan declared in part: "I share with you and your colleagues an unalterable opposition to racial discrimination to any form... and I believe this repugnance should be plainly reflected in our laws."

At the same time, Mr. Reagan said "agencies such as the IRS should not be permitted, even with the best of intentions, to govern by administrative fiat by exercising powers that the Constitution assigns to the Congress."

Flight Recorders In Washington Crash Still Sought

From Agency Dispatches

WASHINGTON — Guided by a faint electronic ping, divers have renewed their search for the Potomac River for flight recorders that apparently fell from the tail section of the Boeing 737 that crashed last Wednesday.

The recorders were in crash-resistant black boxes constructed to withstand impact forces 1,000 times the normal force of gravity and were still emitting a distinctive ping to the cold and murky water. The plane hit a bridge and then plunged into the frozen river during a snowstorm. Seventy-eight persons, including four who were on the bridge, were killed.

Seven more bodies were recovered Monday, and police said Tuesday that divers were still trying to find the bodies of 21 persons. All but one of the 53 bodies recovered so far has been identified.

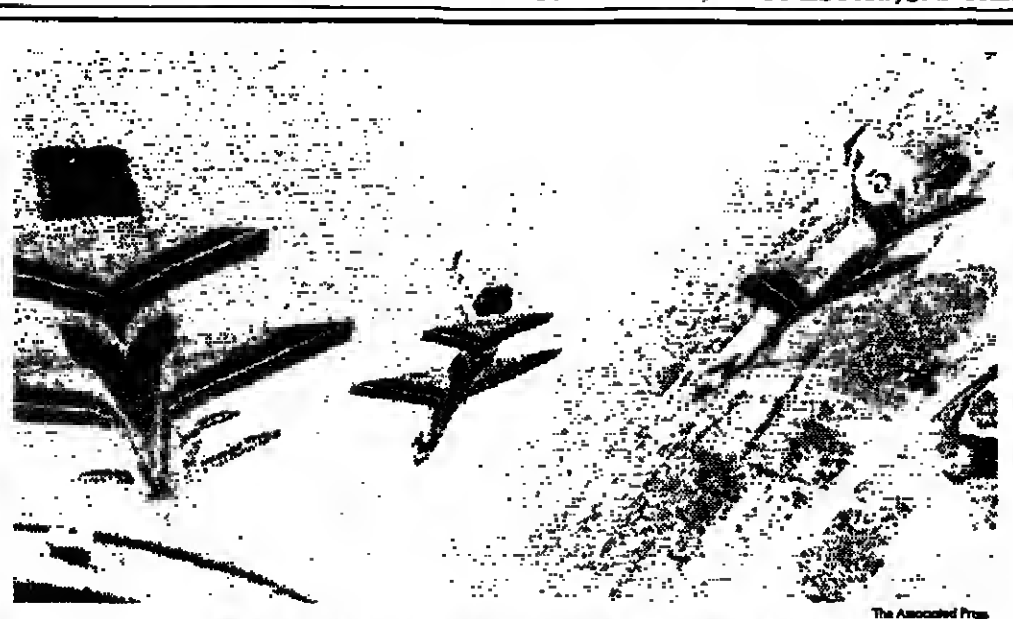
A series of incidents in which Boeing 737s had suddenly flown into unusual and hazardous altitudes just after taking off in weather much like Wednesday's was disclosed over the weekend. Last June, Boeing sent an advisory bulletin to all 737 users cautioning pilots to use higher-than-standard takeoff speeds to such weather and to avoid raising the plane's nose too quickly.

Greece Confirms Accord to Service Russian Vessels

ATHENS — The government has confirmed that it agreed to resume repairing Soviet commercial and naval supply ships, a practice the United States has criticized.

Dimitrios Maroudas, the government spokesman, stressed Monday that the vessels to be serviced would be noncombat ships, would not bear weapons.

The statement followed reports that the state-controlled Neorion Greek shipyards on the Aegean island of Syros in November invited the Soviet Union to have its commercial and naval supply vessels repaired there. The offer was made a month after the socialist government came to power.



A recent photo of the Air Force Thunderbird team in flight over Wisconsin.



Four parallel scars were gouged out of the Nevada desert where the four Air Force aerobatic jets hit the ground at 400 mph as they were pulling out of a loop. The four pilots were killed.

U.S. Seeks Cause of Aerobatic Jets' Crash

By George C. Wilson
Washington Post Service

WASHINGTON — The Air Force says that it is trying to find out why four of its Thunderbird aerobatic jets failed to pull out of a loop and crashed into the Nevada desert outside Las Vegas Monday, killing all four pilots in the worst disaster of its kind.

Witnesses said that a ball of flame shot into the sky after the four T-38 Talon trainer jets dove into the ground one after the other only yards apart on a clear afternoon.

The Air Force said that it would sift through the debris, in pieces no larger than the fender of a car, scattered over a square mile, in an effort to determine what went wrong.

Wingtip to Wingtip

The four planes went into the loop in a row, wingtip to wingtip, and zoomed toward the earth at about 400 miles an hour. They were supposed to pull out of the loop 100 to 200 feet above the ground.

In this "line abreast" loop, three of the four pilots key their moves to those of the plane to the left. The farthest left plane is the leader, meaning that the other three are supposed to do exactly what it does.

The crash could have occurred because the command plane's pilot did not pull out in time, taking the other three down with him, or because there were collisions in mid-air at some point in the maneuver.

Air Force spokesmen said that the wings are only about six feet apart when the aircraft loop is performed at an air show, but are farther apart during practice. Spokesmen said that the traditional maneuver is to fly 100 to 200 feet above the ground, shoot up to between 2,000 and 3,000 feet

and then loop back down to the original path without breaking the wingtip-to-wingtip formation.

The Thunderbirds, based at Nellis Air Force Base, were practicing. The lead pilot, Maj. Norman L. Lowry 3d, 37, was a veteran of 264 combat flights in Vietnam. The other three pilots were captains in their early 30s.

The four-abreast loop is not considered as dangerous as some other air show maneuvers, such as the "bomb burst," where the planes race toward one another from different directions and then shoot high into the sky.

Monday's crashes were the worst experienced by Air Force or Navy aerobatic teams. The Air Force said that before Monday the Thunderbirds had lost 15 air crew members since the air show program started in June, 1953.

"I watched the planes do a loop and they didn't pull out," said Thomas Sullivan, who was working on a construction project nearby. "The one farthest east hit the ground first. The other three followed within a tenth of a second, flying in formation. It was the wrong altitude. They didn't pull up fast enough. I couldn't believe they crashed. It was a ball of flame, just like a napalm bomb."

Another witness said that the four planes were zooming down toward the desert, and "just as they were pulling out of the dive, all four of them hit the ground."

French Pilot Dies in Crash

AIX-EN-PROVENCE, France (AP) — Lt. Gerard Tardif, 31, a star pilot in the French Air Force's aerobatic team, the Patrouille de France, was killed Monday when his Alpha Jet crashed near here as he and his team were practicing low-altitude stunts. Authorities were investigating the cause of the crash.

Supreme Court Refuses Sioux Plea For Return of Dakota Black Hills

By Linda Greenhouse
New York Times Service

WASHINGTON — The decades-long effort by a tribe of Sioux Indians to regain the mineral-rich Black Hills of South Dakota has ended in the Supreme Court as the justices refused, without comment, to hear the Indians' appeal of a lower-court ruling that said they were entitled to money but not to the land.

The case, presented Monday, was brought by the Oglala Sioux, one of eight tribes in the area, who were unsatisfied with the results of another lawsuit that culminated two years ago in a \$105-million judgment against the federal government as compensation for loss of the Indians' ancestral land.

Before the 1980 Supreme Court decision, the Oglala Sioux tribe, which has a membership of about 18,000, split off from the other seven tribes and refused to renew its contract with the Washington lawyer who had handled the case for 24 years. The Oglala said they would not be bound by any monetary settlement and would be satisfied only by restoration of the land, which the Indians regard as sacred.

Claims Commission

Their lawsuit asked for the land plus \$10 billion in compensation for the removal of nonrenewable resources and an additional \$1 billion in damages for "hunger, malnutrition, disease and death."

The U.S. District Court in South Dakota dismissed the suit on the ground that it had no jurisdiction over matters that had not first been brought before the Indian Claims Commission, as the Supreme Court case had been. The court said that in setting up the Indian Claims Commission in 1946, Congress had created a "special and exclusive remedy."

Quake in New Hampshire

CONCORD, N.H. — A moderate earthquake — the strongest in New Hampshire since 1940 — shook homes in northern New England on Monday. No injuries or serious damage were reported. The National Earthquake Information Service in Golden, Colo., said the quake registered 4.8 on the Richter scale and was centered near Franklin.

U.S. Circuit Court of Appeals affirmed the dismissal.

In their Supreme Court appeal, the Oglala argued that the lower-court rulings had deprived them of a meaningful remedy for an acknowledged deprivation of constitutional rights.

Other actions at the Supreme Court Monday included the following:

- The justices refused to hear a challenge by Reader's Digest to a \$1.75-million fine it was ordered to pay as the result of subscription promotions in 1973 and 1974. Two lower federal courts found that sweepstakes in which the magazine mailed nearly 18 million simulated bonds and travelers checks, violated the terms of a 1971 consent decree in which the Digest promised to discontinue a number of other contests.

Manila Says 11 Killed As Army, Rebels Clash

MANILA — Nine rebels and two government soldiers were killed in a 24-hour battle in the central Philippines, military authorities reported Tuesday.

An army report said the clash, near an army detachment to San Jorge on Samar Island, began at noon Sunday when an army patrol chased on guerrillas from the Communist New People's Army. Some members of Congress, and in a speech last year, by Chief Justice Warren E. Burger.

Monday's case involved an amendment to the Nebraska state constitution that made forcible rape an offense for which a defendant can be denied bail. The 8th U.S. Circuit Court of Appeals ruled that the amendment violated the Eighth Amendment to the Constitution, which provides that "excessive bail shall not be required." The state appealed to the Supreme Court.

The argument indicated that, due to a number of procedural difficulties in the case, the court may not reach a decision on the underlying issue of whether the Eighth Amendment establishes a fundamental right to pretrial release on bail.

Varlam Shalamov, Russian Writer, Is Dead

MOSCOW — Varlam Shalamov, 74, a Russian poet and writer best known for the "Kolyma Tales" based on 17 years as a prisoner in Stalin's labor camps, died Sunday of heart failure, his friends reported.

Mr. Shalamov was an established writer in 1937 when he was swept up in the purges for having praised Ivan Bunin, the expatriate Russian writer and Nobel laureate. He was sent to Kolyma, the group of labor camps in the remote gold fields of northeast Siberia. Although routinely sentenced to a second term after his first 10 years, Mr. Shalamov survived.

His stories about the camps, whose publication in the West he

White House Clarifies New Rules On Contacts by Aides With Media

By Michael Getler and George C. Wilson
Washington Post Service

WASHINGTON — White House communications director David R. Gergen called to the top public information officers throughout the government for a meeting to clarify controversial new rules for contacts with the media.

And defense officials said the Pentagon is considering administering polygraph tests to its employees on a regular basis before giving them access to sensitive information that could leak to the press or result in other unauthorized disclosures.

Last Tuesday, President Reagan ordered a crackdown on official contacts with the news media on national security matters. Monday, administration officials acknowledged that White House chief of staff James A. Baker 3d had sent a memo Jan. 6 to all top officials requiring them or anyone under their jurisdiction to clear all major television appearances or major press interviews on any subject with the White House beforehand.

The deputy White House press secretary, Larry M. Speakes, Monday stressed that the Baker memo was clearly separate from the national security directives. He said it was not an attempt to control the flow of information, but re-

flected the administration's desire to know in advance when senior officials were to appear on television or discuss major policy issues in interviews. The policy, Mr. Speakes said, was a traditional one that needed to be restated.

Sweeping Order Seen

Although the Baker memo seemed to provide a sweeping order to control press contact, Mr. Speakes said it should not be construed to mean that every press contact had to be approved by the White House.

The Pentagon's polygraph suggestion came from retired Gen. Richard C. Sullivan, deputy undersecretary of defense for policy, but has not yet been adopted by Defense Secretary Caspar W. Weinberger, according to the Pentagon.

The idea is to institutionalize polygraph tests before giving key defense personnel access to top secret material. One official compared the recommended practice to that followed by the CIA before hiring people for sensitive jobs.

The Pentagon is trying to find out who told The Washington Post about what went on during a meeting of the Defense Resources Board Jan. 7. At that meeting, executives were informed that it could cost an extra \$750 billion over five years to buy the forces the Joint Chiefs of Staff say they would need to carry out civilian

defense policies, including Reagan administration directives to prepare to fight in several parts of the world at once.

Deputy Defense Secretary Frank C. Carlucci, a former CIA executive who was said to be enraged by the estimate becoming public, ordered polygraph tests to try to find out who talked about the supposedly secret meeting he had chaired. Pentagon sources said some people are refusing to take the tests, which are being "offered" — as the Pentagon puts it — to everybody who was at the meeting, including the staffer who put the charts on the screen.

Henry E. Carter Jr., assistant secretary of defense for public affairs, has acknowledged that nothing that was published in The Post about the meeting jeopardized national security.

"I certainly wouldn't say for a minute that the particular DRB meeting dealing with the budget is likely to endanger national defense," he said. "It's the principle of the thing that we strenuously object to — the expression of minority opinion via leaks to the news media designed to influence the course of events. We feel that things ought to be decided in camera and then a policy supported by everyone who stays on the team. In most cases, it's not appropriate to have debate on national security issues in public."

N.Y. Times and Reporter Pardoned For Contempt in N.J. Murder Case

By Jonathan Friendly
New York Times Service

NEW YORK — Gov. Brendan T. Byrne of New Jersey has pardoned The New York Times and one of its reporters, Myron A. Farber, for criminal contempt to their refusal to surrender the reporter's notes to a New Jersey murder case.

Mr. Farber spent 40 days in jail and the newspaper paid a \$286,000 fine for refusing a judge's directive to disclose the sources of their articles about the defendant, Dr. Marcio E. Jaskiewicz. The Bergen County superior was acquitted in October, 1978, of charges he had murdered five hospital patients by injecting them with curare.

In issuing the pardon Monday, which had been sought by the newspaper and the reporter, Gov. Byrne said, "Mr. Farber and The New York Times' purpose was not to insult or frustrate the judicial process, but to stand on a noble, if sometimes imperfect, principle."

Gov. Byrne's action, which came on his next to last day in office, apparently wrote a final chapter to what became a major test of free press and fair-trial issues. After the contempt conviction, New Jersey, New York and California strengthened their laws to protect reporters from being forced to testify about their unimpaired sources, and court decisions in a number of other states have established similar precedents.

Arthur Ochs Sulzberger, publisher of The Times and chairman of The New York Times Co., said after the action, "We regard our stand in this case as a landmark in the press's continuing effort to protect the confidentiality of its sources — a crucial requirement of a free press."

Mr. Farber, 43, said, "I believe now as I did in 1978, that our position was reasonable and consist-

ent with our obligation to serve the public through a newspaper that is not afraid to gather the news, make its own editorial decisions and defend the spirit of the First Amendment."

Investigation Reopened

A series of articles by Mr. Farber to 1976 had encouraged the Bergen County prosecutor to reopen an investigation into the deaths of 13 patients at the hospital in suburban Oradell, Dr. Jaskiewicz was subsequently charged with murdering five patients, but charges to two of the cases were dropped during the trial two years later.

Dr. Jaskiewicz's lawyer, Raymond A. Brown, persuaded the trial judge, William J. Arnold, to compel the reporter to testify

about his sources. When Mr. Farber refused, the judge and the defense started a contempt proceeding against the reporter and the newspaper.

In a hearing in Superior Court on July 24, 1978, Judge Theodore W. Trautman ordered Mr. Farber to jail for the duration of the trial or until he agreed to turn over his notes and fined the newspaper \$5,000 a day. In addition, he fined the paper \$100,000 and the reporter \$1,000 and imposed on Mr. Farber a six-month sentence, which was later suspended.

The action was upheld by the state Supreme Court. When the U.S. Supreme Court refused to review the matter, the reporter was confined at the county jail in Hackensack. He was freed when the jury acquitted Dr. Jaskiewicz.

U.S. Court Declares Unconstitutional Law Protecting Reporters' Sources

OAKLAND, Calif. — A law permitting reporters to withhold their sources, adopted by California voters in 1980, has been declared unconstitutional by a Superior Court judge on the ground that it created an unconstitutional conflict with the constitutional right to a fair trial.

On Monday, Judge Stanley Golde of Alameda County directed an attorney for CBS, Edwin Heafey Jr. of Oakland, to bring to court Jan. 25 unused film from an interview conducted for the CBS News program "60 Minutes." Mr. Heafey said he believed that CBS would not comply and would instead appeal the contempt order that the judge would be expected to issue.

The two-minute broadcast of the interview showed Barry Brasecke,

25, saying that he was under the influence of a drug called PCP when he killed his mother, father and grandfather. Mr. Brasecke was convicted of first-degree murder but the conviction was upset by the California Court of Appeal on the ground that his confession to the police came before he had been properly advised of his rights.

The dispute arose when both the prosecution and the defense sought to subpoena the 38 minutes of material that was not aired. Judge Golde ruled that only the defense should have the material. CBS refused to provide it and cited the 1980 California act, called a shield law. Judge Golde held Monday that the shield law was a First Amendment privilege that must give way to the stronger Sixth Amendment guarantee of a fair trial for the accused.

UN Parley on News Flow Opens; U.S. Fights Government Controls

By Alan Riding
New York Times Service

ACAPULCO, Mexico — An international conference aimed at finding practical ways to strengthen journalism and communications in developing countries has begun here, with the United States strongly opposed to a series of proposals that would increase government control of news.

The conference, the second session of a UNESCO-backed International Program for Development of Communications, is the result of a U.S. effort to channel a protected and often bitter debate over a "new world information order" toward specific projects that would help the free flow of news.

The Reagan administration is unwilling to provide any direct financing for a program controlled by Third World governments and is instead proposing projects supported by the U.S. private sector.

At Monday's opening session, Amadou Mahtar Mbow of Senegal, director general of the United Nations Educational, Scientific and Cultural Organization, criticized the U.S. approach as being "more in keeping with the preoccupation of the donors than with the wishes of the recipients and creating an inequitable type of relationship between the two parties."

Later, the chairman of the program's 35-nation Intergovernmental Council, Gunnar Garbo of Norway, recalled that the organization was created at U.S. initiative. "Unfortunately," he said, "the short history of the United Nations system abounds with examples of promising verbal decisions which were not followed up by practical action."

Although the U.S. delegation has yet to enunciate its position, officials argue that the UNESCO program has already strayed from its original objectives of strengthening free journalism in Third World countries and is increasingly dominated by the demands of government.

"You don't see the word 'media' mentioned too often in these documents," said Dana Bullen, executive director of the World Press Freedom Committee and a close watcher of UNESCO's information debates. "What you see mentioned more often are the 'communications needs of member states.'"

Week's Agenda

In this week's session the council is to discuss financing for the program, the criteria and priorities of the first projects, and although agreement has already been reached that regional information initiatives should be considered first.

As a result, of 35 projects seeking financing — another 136 requests were turned down — attention is focused on the idea of a pan-African news agency and an Asia-Pacific news network.

A preparatory document submitted to UNESCO noted that the Pan-African agency would be controlled by the Conference of African Ministers of Information.

Illinois Plugs Gap in Law on Machine Guns

SPRINGFIELD, Ill. — A hastily approved repeal of a controversial bill allowing private ownership of machine guns has been signed into law by Gov. James R. Thompson.

The repeal was signed Monday. The vote to repeal the law that took effect Jan. 1 was overwhelming, despite complaints from a few members of the House that lawmakers were yielding to public "hysteria" and critical news reports.

A repeal sponsor, Rep. Jack Davis, said the legislature had meant last year to broaden exemptions to a ban on private ownership of machine guns so that licensed dealers would be able to possess them.

Instead, they left a hole in the law, allowing anybody who got approval from their local police chief and a \$200 federal license to buy a machine gun. Although there were a number of inquiries, it is believed there were no purchases under the law.

Reagan's First Year

When President Reagan came to office, his central purpose was to elevate the national sense of confidence and progress. For much of his first year in the White House, he was remarkably successful in that endeavor. But in the past several months his administration has seemed to lose its direction as the country slid rapidly into recession. Mr. Reagan's early triumphs are now in jeopardy. To regain his initiative over events, he now has to address the conflicts and contradictions that his own policies and legislation have created.

Mr. Reagan began by giving an absolute priority to an economic strategy designed to produce, simultaneously, faster expansion and slower inflation. Some of his critics argued that the country couldn't have both simultaneously, and they turned out to be right. The anti-inflationary half of the strategy has proved to be the stronger of the two, and growth has vanished. What does Mr. Reagan now propose?

From the beginning, he has insisted on higher military spending and lower taxes. His tax and budget packages are now enacted, and the discrepancy between the two is sending the budget deficit steadily upward as far into the future as the eye can see. Mr. Reagan has always understood that a permanent and rising deficit is harmful, not only for technical economic reasons but as the great symbol of a government's loss of control over its own affairs and its refusal to come to terms with necessity. What does Mr. Reagan propose to do about that?

The answers will come in the three annual presidential messages over the next several weeks — the State of the Union next Tuesday, then the economic report and the budget. Mr. Reagan still has latitude for maneuver. Curiously, there is still no serious or coherent opposition arrayed against him. The House Democrats were active and will-

ing participants in the tax bill — the grossly overdone and botched tax cut that is the most dangerous mistake of his presidency and one that may yet cripple it. To the extent that there is any effective opposition at all to the Reagan administration, it's among the senior Republican senators and governors who are worried about the talk of further drastic budget cuts in a recession.

A U.S. president's job is, essentially, to draw a huge and disparate country together into common purposes and promises. Mr. Reagan was not hired as an economist. He was hired as a man who could take account of the country's economic distresses and perplexities and then organize a plausible route into an acceptable future. Mr. Reagan's original route is no longer plausible, if it ever was.

And yet he has an opportunity, over these next several weeks, to recoup. Even voters who are not necessarily his supporters remember with dread the atmosphere of paralysis and intellectual exhaustion that seized the Carter administration less than halfway through its term. There's not much doubt that most voters continue to consider inflation to be a menace. Mr. Reagan has had a measure of success here. It's the struggle to keep reducing inflation, even at the cost of higher taxes, on which the second year's program needs to be built.

Mr. Reagan's presidency has not been generous to many Americans, with its large benefits to the rich and its repeated challenges to the meager allotments for the poor. But nevertheless, the country seems inclined to be generous toward Mr. Reagan, tolerant of his false start and prepared to give him room for another try. At the end of his first year in office, Mr. Reagan still has time to strike another balance.

THE WASHINGTON POST.

Tax-Exempt Schools

President Reagan would like to have it both ways. He hoped to please the people running segregated schools by reversing long-standing policy and exempting them from taxes. Then, discovering the opposition to that misguided decision to be stronger than he had anticipated, he said he would propose legislation to revoke the exemption. But he has missed the right answer: to leave the original rule — no tax exemption for racially segregated institutions — in place.

Over the years, the segregated schools had managed to persuade themselves that the refusal of exemption had no basis but an off-the-cuff decision by a hostile bureaucracy in the Internal Revenue Service. That is an utter myth, but a few people perpetuated it as a political cause to which, unfortunately, Mr. Reagan responded. The complaint was that Congress had never addressed the issue. That's wrong. Congress set the policy in the 1964 Civil Rights Act and when the IRS subsequently applied it to these schools the Supreme Court upheld it as a correct reading of the law.

Mr. Reagan evidently hopes to placate everybody by claiming that the rule was not valid in the past, but that congressional action, with his support, will now make it so. This awkward maneuver is unlikely to gratify the segregated schools, as they see their cherished exemptions snatched away again. Nor does it deserve anything but reproach from that very large majority of Americans who deplore racial segregation and object to this show of conferring on it, however briefly, the degree of federal approval that the exemption implies.

Congress seems ready to act promptly. But it is truly unfortunate that Mr. Reagan should have chosen to reopen a question that most people considered to have been closed, decently and properly, long ago. Perhaps the only surprising thing about the force and vehemence of the reaction to Mr. Reagan's original move is that Mr. Reagan should have been surprised by it. In this deplorable affair, the administration has displayed a lack of courage of its lack of conviction.

THE WASHINGTON POST.

A Not-So-Neutral Act

Since 1794, U.S. law has forbidden American territory to be used to "serve a foreign prince or state in war by land or sea." Violation is a high misdemeanor, punishable by three years in prison.

On Monday a federal court in Miami charged a Haitian freebooter and 24 of his followers with violating this venerable act. So the Neutrality Act apparently still exists. The Department of Justice should dust off the original and send it by urgent pouch to the State Department. With it should go a firm statement that what is illegal for Haitian refugees is no less illegal for Nicaraguan exiles.

The Coast Guard hauls Haitians to court. Yet State continues to make fabulous excuses for flagrant violations of the Neutrality Act by Nicaraguans who train to invade their country at camps in Florida and California.

These private armies of more than a thousand Nicaraguans proclaim a desire to ignite a counterrevolution in their homeland. But Thomas Enders, the assistant secretary of state for hemisphere affairs, contends that

they violate no law "as long as they don't hurt anybody and as long as they don't actually conspire to invade in a specific way."

Were Nicaragua to offer the same lame evasion to justify the training of leftist guerrillas from El Salvador, the State Department would rise in righteous indignation.

State knows better. The letter and spirit of the Neutrality Act are offended by adventures that boast that hundreds of recruits have already been air-dropped into Nicaragua to fight against the leftist Sandinista government. By comparison, the prosecuted Haitians are hapless romantics. Their leaking boat was seized just before it sank; their revolutionary arsenal consisted of 6 guns and 20 pipe bombs.

The hypocrisy of prosecuting one group while exonerating another serves neither law nor diplomacy. Until the United States proves that it rejects military intervention in Nicaragua, it makes only hollow protest against the Sandinistas' arms buildup.

THE NEW YORK TIMES.

Other Opinion

Rebuffs to French Socialists

President Mitterand's government was rebuffed over the weekend by two different groups of people — the voters in four by-elections and the nine members of the Constitutional Council. But the government can quite legitimately claim more time before it is judged on the results of its economic policies. It is trying to effect radical changes in the French economy, and these cannot be effective overnight, particularly at a time of recession.

— From The Times (London).

President Mitterand, in his own interests, must be careful not to squander the political consensus which brought him to power. This was based as much on a desire for change after 25 years of conservative rule and opposition to President Giscard d'Estaing as on positive support for socialist policies. The government can hardly abandon nationalization, however irrelevant to the country's needs. In its other policies it will have to tread a more moderate path if the confidence of the people — and in particular the business community — is to be sustained.

— From the Financial Times (London).

Jan. 20: From Our Pages of 75 and 50 Years Ago

1907: Russians Arrested

ALEXANDRIA, Egypt — The possible extradition of the three Russian refugees arrested here occupies public attention. Lord Cromer replied to the telegram of protest sent him by prominent European residents that the men arrested are accused of being concerned in a plot to blow up a Russian steamer in Alexandria harbor. If investigations prove them to be Russian subjects they will be handed over to the consular authorities, who may dispose of them according to the law of their country, otherwise they will be amenable to the Egyptian tribunals. The population of Alexandria is determined to prevent the embarkation of the refugees. Demonstrations have taken place before the British, French and Russian consulates.

1932: Japanese in China

SHANGHAI — Japanese marines have landed here to restore order in the city, which is gripped by violence between Chinese and Japanese. So alarming had the situation become tonight that the authorities in control of the international settlement ordered mobilization of all police forces. Two Chinese policemen and one Japanese demonstrator are dead, and an undetermined number of Chinese and Japanese demonstrators and policemen and a British settlement police officer have been wounded. Four Japanese warships rode at anchor off the quays with more troops. Two thousand Japanese demonstrators stoned streetcars, smashed shop windows and held a mass meeting to demand that the Chinese stop all anti-Japanese movements.



Is Nitze the Right Man for Geneva Arms Talks?

By Chalmers M. Roberts

"The Soviet Union... is animated by a new fanatic faith, antithetical to our own, and seeks to impose its absolute authority over the rest of the world."
"The Kremlin leaders do not want war; they want the world."

WASHINGTON — The first quotation summarized "the fundamental design of the Kremlin" as it was described in NSC-68, the famous 1950 Truman administration document on U.S. policy in the Cold War era. NSC-68's principal author was Paul H. Nitze. The second quotation is from "Strategy in the 1980s," an article in the fall 1980 issue of Foreign Affairs magazine. Its author also was Nitze.

Now Nitze, 75, is the chief U.S. delegate at the negotiations with the Soviet Union on intermediate-range nuclear weapons in Europe, which resumed last week in Geneva. One question raised about him is whether this consistency of view toward the Soviet Union is that foolish consistency that Emerson called the hobgoblin of little minds, or the rock of principle on which U.S. policy must and should be based. In short, is Nitze the right man for the job?

The Nitze viewpoint, as expressed in the two quotations, has always been disputed. At the time of NSC-68, Charles E. Bohlen, a leading Kremlinologist, felt, as he later put it, that the Soviet Union "was largely motivated by its interests as a national state, and that the idea of spreading communism was secondary to such considerations."

For decades Ronald Reagan's rhetoric has followed the Nitze view, but in putting forth his Nov. 18 negotiating proposals, Presi-

dent Reagan was assuming that agreements are possible based on Soviet as well as U.S. national interests. Certainly Reagan's rearmament plans are designed to motivate the Kremlin to find virtue in control and reduction of armaments. Nitze argued in his 1980 article that "the United States and the West must play for time in many threatened areas... while making a major effort to build up their overall strength" until what the Communists term "the correlation of forces" has "become more favorable than it is today."

A canvass of some of those who worked with Nitze during the strategic arms talks produces agreement that he is a dogged, insistent, no-nonsense negotiator, that he knows well the interrelationship between theater and strategic nuclear forces, and that he knows both the diplomatic intricacies and the complex military hardware involved in the current negotiations.

Range of Experience

It is a fact that no American still active has had the broad range of experience in the national security area that Nitze has. He has served in high State and Defense Department jobs, at innumerable conferences and on many panels in and out of government, as well as at universities and think tanks. He served on the U.S. Strategic Bombing Survey at the end of World War II in Hiroshima and Nagasaki firsthand.

Five years ago, when many were calling nuclear war "unthinkable," Nitze, in a letter to the editor in The Washington Post, wrote: "It could be that war between major powers is 'thinkable' and 'if so, we should think about it, carefully, consistently and with all the fore-

sight and prudence of which we are capable." When Jimmy Carter nominated the non-cold-warrior Paul Warnke to head the Arms Control and Disarmament Agency, Nitze led the assault against him in a fashion many thought downright brutal.

Nitze was the Defense Department representative during the SALT-1 negotiations, and he spoke for its ratification by the Senate. He resigned from the SALT-2 delegation in mid-1974, during Watergate, because he didn't like the treaty then apparently about to be consummated. With Eugene Rostow, now his titular boss as head of the arms control agency, and others, Nitze set up the Committee on the Present Danger, a small group that turned out to be the treaty's most effective opponent.

SALT-1 showed that Nitze would support an admittedly less-than-ideal treaty, SALT-2, over which he hemmed and hawed in hopes that it might be improved by amendments, showed him to be a tough opponent once he made up his mind. This time he is the man in charge, and anything he wants to come to terms on with the Russians most likely would be hard to beat back in Washington.

And why did he take the job? Aside from that view of the Soviet Union that drives him so relentlessly, Nitze reportedly now feels that he has a live negotiation and that there are good reasons on both sides why it might be possible to reach an agreed conclusion, and even reach it rather expeditiously. That clearly runs against the current conventional wisdom, which foresees long and fractious negotiations. But, if it works out, it will be the crown of Nitze's career.

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Letters

Imperialist Criteria

According to the account (HTT, Jan. 11) of an interview given in Kuwait by Willy Brandt, he considers that the ills from which the developing countries and the world as a whole are suffering are attributable in large measure to the policies of the U.S. administration and to excessive expenditure on armaments. He is reported as concluding that "if we want to ensure development for... developed countries, we must first ensure the development of the developing countries, without the West resorting to its obsolete imperialist criteria, the industrialized nations must know that the sole way for overcoming stagnation is through economic recovery of developing countries."

Mr. Brandt seems to regard the Western countries as the sole sources of aid and relief, whereas these are not the only rich, or for that matter the richest, actual or potential donors. Secondly, the governments of the developing countries themselves owe a primary duty for bettering the condition of life of their citizens by making optimum use of their meager resources, too high a proportion of which is being devoted to prestige projects and the purchase of armaments (employed often to oppress the citizens).

Lastly, I wonder how many of your readers would agree, in the light of recent events, that the West is alone in adhering to what Mr. Brandt calls "obsolete imperialist criteria."

ALFRED L. LEHMANN.

Geneva.

Desire to Disarm

Critics of the European disarmament movement depict it as a motley collection of trends: nationalism, pacifism, and isolationism. The major U.S. news magazines paint the movement as a communist conspiracy and Richard Pate calls it a gimmick to restore sagging church attendance. Not only is the KGB implicated but the clerics as well! What the critics never consider is the obvious — that what drives this movement is the fervent desire on the part of people who have known the horror of world war to prevent nuclear war, and the conviction that the surest way to prevent a nuclear war is to get rid of nuclear weapons.

The critics of this movement maintain that such thinking is

naïve and that disarmament would only serve to bring about the war it seeks to avoid. What they carefully ignore is that it is hardly naive to assume that both superpowers would prefer to limit their nuclear war to Europe, and that a demonstrated willingness to engage in nuclear war is essential to nuclear deterrence. If the European disarmament is naïve, its naïveté is that of the little boy who discovered that the king was wearing no clothes. In this case, nuclear disarmament is the fictional garment and it will not be long before others begin to see through it as well.

JOSEPH E. PEACOCK.

Alkmaar, the Netherlands.

Societal Lobotomy

The article by Mr. William Pfaff, "Poland: A Coup That Solved Nothing" (HTT, Dec. 30), is in my opinion yet another example of the West's tendency to confuse the action of Communism and "Russian imperialism" forces. In Mr. Pfaff's opinion, Poland's Communist leadership has gained little in its destruction of Solidarity, as he thinks these unquenchable forces will soon enough push to the surface of Polish life again. Mr. Pfaff distinguishes Poland's grass-roots bravery from a placid Soviet society which he states "is the result of their own choice, for better or for worse."

Surely Mr. Pfaff knows that the Russian people had their spine mangled by decades of unprecedented violence at the hands of its communist regime, which was resisted in civil war and nationalist movements on a scale that must be courageous in anyone's estimation. The Polish Communist leadership has embarked upon the same horrifying course, as have the Communist leaderships of Cambodia, China, Cuba, Vietnam, etc., and all evidently require little Soviet assistance in these acts. The point is that a societal frontal lobotomy is an intimate part of Communism, not "Russian" theory and practice (see A. Solzhenitsyn's "The Mortal Danger: How Misconceptions About Russia Impel the West for the basic insight). The post-operative "placidity" of Soviet society is precisely what the Polish Communist regime is after. Therefore, it has everything to gain by its violent action.

RALPH E. PUDRITZ.

Cambridge, England.

Make Use Of Elder Statesmen

By Flora Lewis

PARIS — Not long ago, former U.S. Secretary of State Dean Rusk gave a rare interview. Standing back from the political fray, he seemed about the reasons for the Western alliance and reminded Americans about the importance of keeping friends.

It was an example of the valuable light that elder statesmen can offer when the heat of events is driving active participants in public affairs to foolish prattle. And it was a reminder of the waning wastage that American habits make of hard-earned wisdom.

At about the same time, British political commentator Henry Fairlie was pointing out why the United States so seldom sees high officials resign for reasons of policy, a dramatic but sometimes salutary gesture to focus attention on grave issues and to force open debate.

The U.S. system leaves no position open to dissenters in public life. They are obliged to stomp the country or fade away. In parliamentary systems such as Britain, they retain their seats and simply move back from the ministerial benches with a chance to argue their views and perhaps return to power if they are persuasively right.

The lack of a respected, organized forum with which to honor distinguished public servants and make continued use of their experience has come to bother many people involved in national affairs. It is particularly poignant when administrations change and the outs are simply out.

The creation of a National Academy for Public Affairs, where debates on urgent questions could bring forth the experienced judgment of people out of power, was proposed in this column early last year. The idea provoked interest. Alan Cranston, the Democratic whip in the Senate, set out to develop it with plans to draft a congressional charter, and support is growing.

The need to hear disinterested views based on knowledge that comes with having borne responsibility for one's government has never been greater. Now, former officials and widely informed legislators can make the occasional speech, grant an interview or write an article when they feel the urge to give voice, but the impact is scattered and unfocused.

Face to Face

In an institution where those to be honored were made life members, perhaps by presidential nomination and election by Congress, they could meet and discuss urgent or long-term problems face to face, providing the public with an assemblage of views and ideas.

How useful it would be to hear Henry Kissinger, George Ball, Dean Rusk, James Schlesinger, Frank Church, Stuart Symington and Robert McNamara, to name a few, exchange their arguments on how to shape relations with the Russians or what to do about the Middle East.

The value of an academy, alongside the institutions of government, would be power to command attention and persuade. It would not make recommendations, so there would be no need for the trimming and compromising inevitable in a legislative forum. While members would be compensated for their expenses, they would not be paid, so there would be no commercial compulsions of the sort that earn high lecture fees and sell books.

And since all the members would be retired — whether by choice or by the electorate — there would be little urge to tack in the service of ambition. Everyone wouldn't always say wise things, but there would be no reward for being foolish or demagogic.

Eminent Service

The qualification would be eminent service, not necessarily success. Symington used to tell a story about a very successful man who made a fortune when business was bad and everyone else was going broke. Asked how he did it, he said, "Good judgment." How did he come by such astute judgment? "Experience," he said. And how did he get such valuable experience? "By making mistakes."

The memory of mistakes, with the understanding it can bring of how to avoid repeating them, is a precious source of advice in difficult times. That is why many societies revere the aged, though there is an extra advantage in being able to hear them without reserving the right of decision for them.

It isn't really possible for people in government to take the long view of issues and to think well ahead. They are always harassed by immediate questions to be answered quickly.

As we approach the millennium, the long view of our turbulent world may make the difference for survival. The United States needs a distinguished platform to develop it, and to develop a well-informed public consensus that can add the quality of wisdom to decision.

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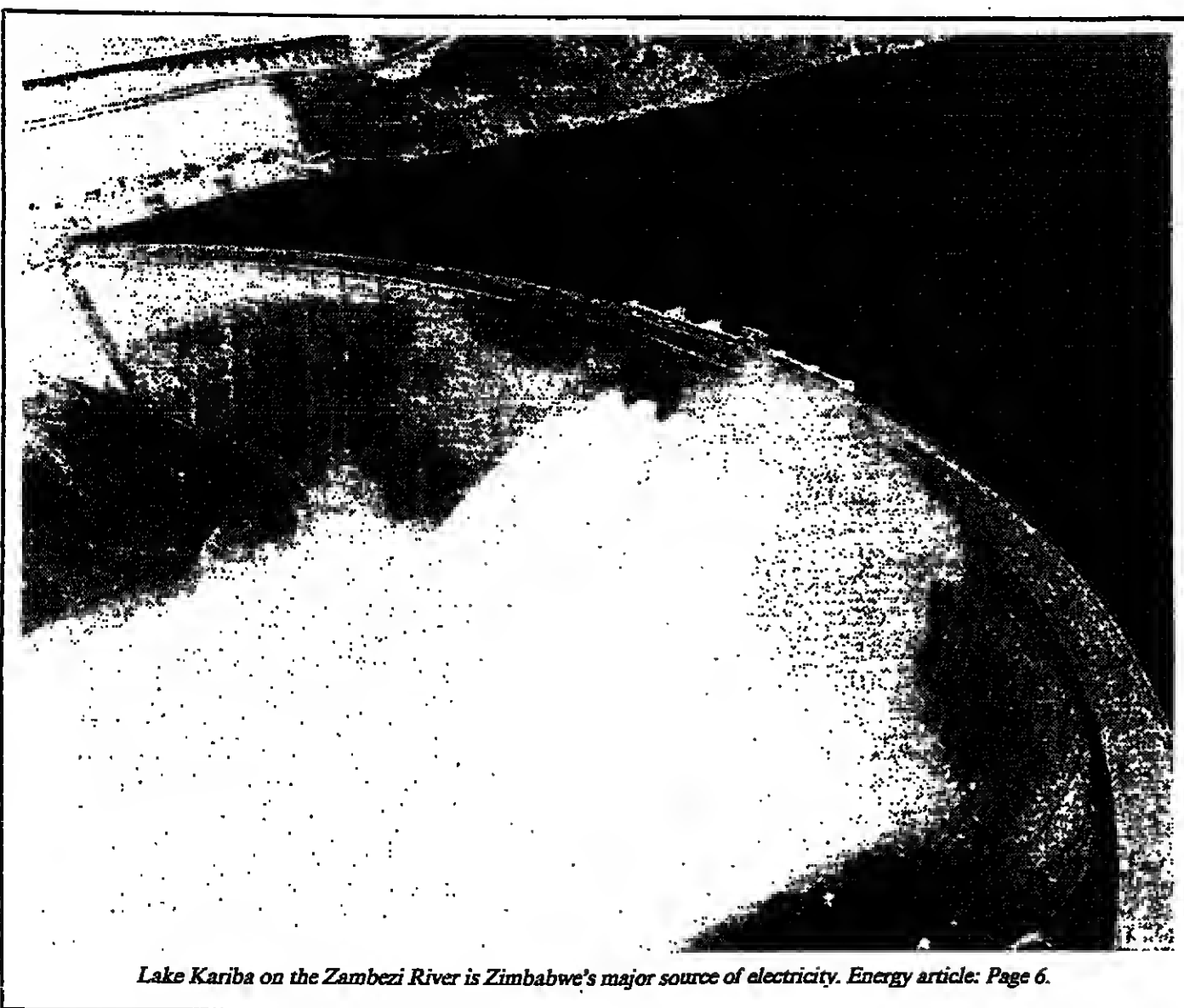
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Lake Kariba on the Zambezi River is Zimbabwe's major source of electricity. Energy article: Page 6.

A Young Nation With Growing Pains

By Robert Hecht

FOR WHITE Zimbabweans residing in the fashionable Highlands neighborhood of Salisbury, several miles northeast of the city center, the lifestyle has changed remarkably little from what it was when they still called themselves Rhodesians.

Highlands has remained a solidly white neighborhood. Black Zimbabweans have been unable to afford to move into the area, even with currently depressed property prices. The few houses that went on the market in Highlands recently were rented instead at bargain prices by foreign embassies returning to Salisbury after 15 years of diplomatic boycott.

The whites in Highlands are still surrounded by their security fences and guard dogs, their spacious lawns and brilliantly colored beds of flowers, their swimming pools, which are a sine qua non in the neighborhood — and by their large retinues of black servants: cooks, gardeners, nursemaids and so on.

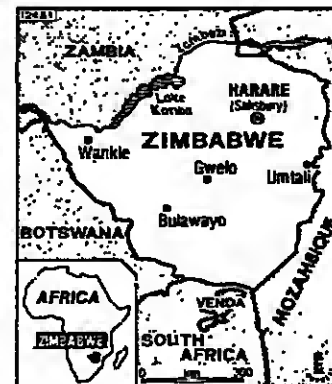
On weekends, whites from Salisbury still drive to resorts in the mountainous Eastern Highlands, near the Mozambique border, to play golf and fish for trout, where they are attended by a large staff of black waiters, caddies and groundskeepers. The resorts, with names like Troutbeck, Montclair and Rhodes Hotel, are in an area where guerrilla activity was intense between 1976 and 1979, yet the resorts remained open throughout the war and show no signs of war damage today.

'Failed Revolution'

Under these conditions, it is not surprising to hear both white liberals and black Zimbabweans refer to the "failed revolution" in their country, where white privilege appears to have been so unilaterally preserved.

And yet it is one of the paradoxes of Zimbabwe that, while some critics of Prime Minister Robert Mugabe's black government bemoan the failure of radical change, there are also signs that events in the country are starting to move too fast, to the point where Zimbabwe's future as a multiracial society is being seriously called into question.

Many, if not most, Zimbabweans doubt that multiracialism could survive in this country of about 200,000 whites and more than 7 million blacks once white minority government was ended. They were surprised to see that Zimbabwe actually held together so well in the first months following the March 1980 elections, under Prime Minister Mugabe's pragmatic policy of "reconciliation."



ZANU and the small African National Congress party of Bishop Abel Muzorewa, prime minister from 1977 to 1979.

These widening political splits have been accompanied by gradually escalating rhetoric from all sides, in what may be a chain of potentially dangerous overreactions. There are many sober-minded, pragmatic Zimbabweans, both black and white, in the government, but their voices are being increasingly drowned out by these more emotional outbursts.



Prime Minister Robert Mugabe

On the white side, Mr. Smith and his colleagues have accused the Mugabe government of "black nationalism," "totalitarianism" and "total inefficiency."

In response, black politicians have accused Mr. Smith and his party, Enos Nkomo, the finance minister, who was held as a political prisoner during 15 years of white rule, first declared in Parliament that his government would not hesitate to lock up Mr. Smith if it wanted to, and more recently he accused the whites of plotting subversive acts against Zimbabwe.

Certain government ministers have also become more strident in their public statements, as reported in the local press, using threatening language against "smugglers," "profiteers" and even black trade unions considering strike action as a way of pressing for better pay and work conditions.

'Just Words'

Many Zimbabweans shrug off this shrill rhetoric as just a lot of hot air, choosing to ignore the negative effect that "just words" might have on the country's future.

But even though the material position of whites in Zimbabwe is remarkably secure — with all-white schools still operating and exclusive private hospitals being built — strong language by government officials tends to bring out

the whites' emotional fears of being driven out of Zimbabwe.

The use of such strong language also creates the risk of raising the expectations of what has turned out to be a fairly patient black peasantry and wage labor force for radical reforms that the Mugabe government might otherwise prefer to introduce more gradually.

Perhaps the most worrisome sign is the increase in the rate of white exodus. More than 2,000 whites a month are now emigrating; nearly 13,000 left in the first seven months of 1981, against about 15,000 in all of 1980. Despite the fact that thousands of highly trained blacks are now returning to Zimbabwe, the government realizes that it cannot afford to lose too many skilled whites, especially the blue-collar workers who are deserting the country in the greatest numbers.

Given the extreme intransigence of white Rhodesians in the face of black nationalist demands and 15 years of international economic sanctions, and the great brutality of the guerrilla struggle, a war-torn but majority-ruled Zimbabwe has returned to peace with extraordinary ease and rapidity.

Two years ago, the country was virtually an armed camp. Today, it is rare to see weapons anywhere.

Enormous Strides

Enormous strides have already been made to resettle refugees and to repair damaged roads, schools and hospitals. The two guerrilla armies and the government security forces have been successfully integrated in a single national force, even though demobilization is taking longer than the government originally predicted.

The largest measure of credit for these successes goes to Mr. Mugabe, who from the moment of his election victory spoke out emphatically for reconciliation. This, more than anything else, had a calming effect on both the black and white populations.

Compared with his earlier pledges of radical Socialist economic change, Mr. Mugabe also proved to be relatively moderate and pragmatic, yet forceful, in his economic policies, thereby winning confidence from both races.

At the same time, blacks have been rewarded with a program of (Continued on Page 75)

Economic Reform Program Pushes Forward

AT THE END of Zimbabwe's second year of independence and majority rule, the general mood of euphoria over the country's strong 1980 economic performance has been replaced by a more sober and hardheaded attitude as Zimbabweans start to grapple with the difficult task of implementing an ambitious program of economic reforms.

In 1980, virtually all economic trends in Zimbabwe were positive,

defying the predictions of many doomsmongers that the end of white minority rule and the coming to power of the Socialist government of Robert Mugabe would lead to economic chaos.

In 1981, there were still many signs of positive economic movement, but these were tempered by a number of emerging problems, including rising inflation, stagnant investment levels, balance of payments problems, manpower short-

ages and an inadequate national transportation system.

The Mugabe government's program of economic reforms, "directed toward the attainment of a Socialist and egalitarian society," according to a key policy statement issued last year, is designed to overhaul the economic system inherited from the Ian Smith minority regime. The government defines its task as one of "restructuring and developing the economic and so-

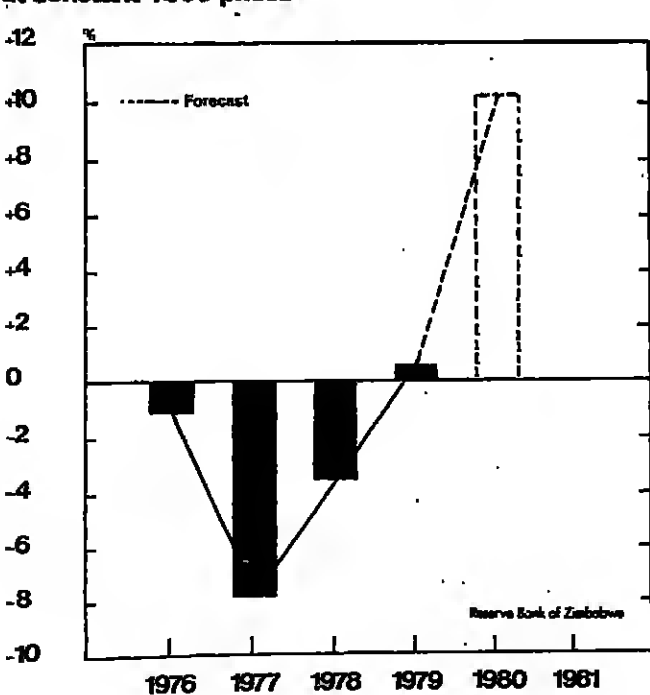
cial fabric in order to achieve sustained, balanced and equitable economic growth."

Inequalities

One major objective of this overhaul is to reduce the sharp inequalities in earnings between black and white Zimbabweans. Under the Smith regime, policies on wage rates, land ownership, taxation and government services discrimi-

(Continued on Page 65)

Growth rate of gross domestic product at constant 1965 prices



Self-Sufficiency Maintained in Food Crops

Special to the NYT

AGRICULTURE was the bright spot in Zimbabwe's 1981 economic performance, with a combination of high producer prices and record crop output telling the story of the most balanced and thriving farm sector in black Africa.

While most African countries have had a drop in per capita food production during the last two decades and now import much of their staple grains such as rice, wheat, and maize, Zimbabwe has remained self-sufficient in food crops, keeping pace with the country's exceptionally high population growth rate of 3.6 percent a year.

Moreover, while many African countries have concentrated on a single crop, Zimbabwe's agriculture has actually become more diversified during the last 15 years — a curious legacy of the UDI (unilateral declaration of independence) period. With trade sanctions imposed on Rhodesia during this period, the country was forced to branch out into crops such as sug-

ar, wheat, soybeans and cotton, which had not previously been grown.

The overall upward trend of Zimbabwe's agriculture masks disparities, however, between the approximately 5,000 white farmers who own half of the land and produce 85 percent of all crops, and the roughly 750,000 black peasant cultivators, who account for the remaining 15 percent of crop value and for less than 4 percent of farm output reaching the market.

White Farmers

One reason why Zimbabwe's agriculture has been so successful over the years is that the white farmers, with average holdings of 5,700 acres and access to plentiful and cheap labor, have responded quickly to price incentives set by the government and by the world market.

At the same time that white farmers have displayed such responsiveness, however, the 750,000 black cultivators, working average holdings of about 10 acres of barren, heavily eroded land, have remained largely subsistence producers, barely eking out a living. Black farmers have had fewer chances than whites to gain agricultural credit, inputs and selected varieties of high-yielding crops.

The great challenge facing agriculture in Zimbabwe is therefore one of bringing the African peasants into commercial production by increasing their landholdings, improving their farm techniques and raising their crop yields.

While developing the peasant farming sector, the government

says that it is still committed to protecting and enhancing the white commercial farmers, in order to maintain food self-sufficiency and the overall good health of the Zimbabwe economy.

Labor Force

For the government recognizes that even though farming accounts for only 12 percent of gross domestic product — a low figure for Africa — it employs one-third of the country's wage labor force, contributes to 40 percent of export earnings and, through self-sufficiency, saves Zimbabwe hundreds of millions of dollars that would

otherwise have to be spent on imported food.

The top story in agriculture for 1981 was a record maize crop of about 3 million metric tons, nearly twice the level of yearly domestic consumption of Zimbabwe's staple grain. The bumper maize crop was the result of generous rainfall during the wet season, from November to March, and of a 42-percent increase in the official producer price, to \$168 a metric ton.

The high price encouraged white commercial farmers to expand their area planted in maize by

(Continued on Page 75)



Cultivation of maize: A major crop

Transportation a Major Problem

By Ian Leslie-Smith

SALISBURY — Zimbabwe's transportation crisis, which last year blocked more than 1 million metric tons of maize within the country while neighboring states were begging for the grain, has dramatically highlighted the extent to which the country's growth and prosperity are likely to be inhibited by communications bottlenecks.

The new nine-nation grouping of Southern African black states, the Southern African Development Community (SADC), has justifiably put transportation at the head of its priorities to help the region reduce dependence on white-ruled South Africa. But with a major program of port rehabilitation, road and rail rebuilding and new development, it will be at least two years before the benefits begin to be felt.

There are 91 projects involved in the first stage of an overall transportation and communications program.

The \$650 million in foreign aid promised to the SADC in November, 1980, will go a considerable way toward upgrading and modernizing the region's transport system, at a cost of \$1.96 billion during the next 10 years.

Key Position

Zimbabwe is in a key position, controlling the main import and export routes of Zambia and Malawi as well as the copper-rich southern province of Zaire. A high proportion of Mozambique's foreign currency earnings come from railway and port dues from Zimbabwe. For this reason, Zimbabwe's neighbors as well as international aid groups are watching closely how the new state weathers

its most serious post-independence problem.

The problem is not entirely of Zimbabwe's making. Since the closure of the Mozambique border in 1976, exports and imports and transit traffic for Zambia, Zaire and Malawi had been diverted to South African ports.

The Mozambique ports of Ma-

puto and Beira had previously handled half of total traffic and, at times of congestion on the South Africa route, the proportion had gone up to 75 percent. When Robert Mugabe came to power, one of his first tasks was to reopen links with Mozambique and reduce his dependence on South Africa.

(Continued on Page 75)

Farmers Reaping the Seeds of Change

Determined to Stay on the Land

MICK TOWNSENDS pulled his new Volkswagen van to a halt and looked out over 200 acres of wheat, still green and ripening in the mid-morning sun. About a dozen black laborers, wearing coveralls and rubber boots, were moving slowly through the wheat fields, adjusting the flow of water diverted onto the farm from the nearby Mazoe River through a network of canals built more than six decades ago by Mr. Townsends' grandfather.

Mr. Townsends pointed to several hillocks, known here as kopjes, covered with the reddish brown gravel so familiar in Zimbabwe, and identified them as the boundaries of his 2,800-acre farm.

"When my grandfather came here from Cork, in Ireland, in 1903, he bought this farm from the surveyor-general of Rhodesia, who had laid out the place for himself, but never farmed it," Mr. Townsends said. "That's why this farm sits on such a nice piece of property, with land on both sides of the river."

Mr. Townsends is not an average white Zimbabwean farmer. His views in politics and race are almost certainly more liberal than those of most whites in the country. His farm, about 20 kilometers north of Salisbury, is probably better managed than most.

He is also a minor media star. He was first visited during the guerrilla war by Martin Meredith, a British journalist who wrote a book on the war, and later several British film crews descended upon Mr. Townsends' farm to make television documentaries on "the white Rhodesian farmer." He is skilled in handling the press.

Despite these exceptional circumstances, his strong resolve to stay on and farm in a black-ruled Zimbabwe is typical of the attitude of the country's 5,200 white farmers.

About 1,000 white farmers left during the war, either caving in to

Uphill Fight for Black Peasants

FIFTY-YEAR-OLD Joshua Shikede strolled up and down through his two-acre vegetable garden, pointing to the dozens of carefully tended, raised beds of cabbages in various stages of growth — from a few frail whitish-green leaves to hefty, basketball-size cabbages so large that they had burst apart, or "overbolted," as Mr. Shikede explained. The jocular gardener provided a constant stream of advice on his farming techniques and philosophies during the guided tour of his cabbage patch.

"Of course, you need fertilizer and compost and insecticide to kill the aphids, too, to grow big cabbages like these, but hard work and constant care are the most important ingredients," he said. "The best manure in the land is the gardener's foot."

Mr. Shikede must apply his foot to the land with great diligence. According to local officials of the government's farm extension service, he is the top vegetable producer in his region, with a special contract to supply cabbages and onions to the local schools for student meals.

By his own admission, he sells about 20 dozen cabbages a week to the school authorities and pockets around \$140, a high income in a country where average per capita earnings are less than \$500 a year.

14-Year-Old Cow

About five miles north of Mr. Shikede's garden, Rena Emaziveyi, a stoutish, friendly faced widow, climbed inside a small cattle pen jammed with maize stalks to pose next to her 14-year-old cow, which was being fattened on the stalks.

She looked a bit nervous, sitting up next to the beast with its long, curved horns, but Mrs. Emaziveyi's adult son helped to steady both the cow and its proud owner until a photograph was taken.

The old cow, which weighed barely 200 pounds a few months be-



Rena Emaziveyi



Joshua Shikede

fore, was now up to more than 500 pounds because of its intensive feeding regime. Mrs. Emaziveyi said that she expected the animal to fetch \$350 when she sold it to the butcher the following month.

Joshua Shikede and Rena Emaziveyi are examples of peasant farming at its best, in a country where half the population is engaged in the peasant sector. It is also this sector that the government of Prime Minister Robert Mugabe says is its top priority. The government has pledged to assist peasant farmers through land reform, high producer prices and more credit, inputs and extension services.

Over time, it is hoped that these and other reforms will "trickle down" and improve the living standards of Zimbabwe's 750,000 peasant farmers. But for the immediate future, the country's peasant farmers will have to continue to work against the same formidable odds — including drought, insect pests and soil erosion — that they have faced for decades.

Mr. Shikede and Mrs. Emaziveyi live about 70 kilometers southeast of Salisbury in what used to be called the Chitota Tribal Trust Land.

(Continued on Page 75)

Caution Tempers the Investment Climate

Special to the NYT

THE PREVAILING wisdom among business investors after Zimbabwe gained independence was "wait and see" — a phrase that is heard to this day and that caused Finance Minister Enos Nkomo to say in frustration during his 1981-1982 budget speech that he was "at a loss to know what was required" to encourage investment.

Since Prime Minister Robert Mugabe came to power, he and several of his ministers have been at pains to reassure the private sector. Meanwhile, some businessmen have been trying to convince their overseas counterparts that they should climb in now. There have been conferences to promote Zimbabwean business, always on the theme that political stability is

inextricably linked to economic stability. Many have heeded the call, although perhaps not for altruistic reasons. Union Carbide of the United States has announced a \$27.4-million investment program to increase production of high-carbon ferrochrome.

The British conglomerate Lonrho and the mining house Rio Tinto have both announced investment programs to increase mining output — particularly of gold. But the South African mining giant Anglo American, after initial enthusiasm, announced that it was shelving its expansion plans. Japanese mineral and mining experts — Japan is a major potential buyer of Zimbabwe's raw materials, particularly chrome — believe that Anglo American's withdrawal was caused mainly by the South Afri-

cans' increasing wariness of investing in Zimbabwe. The official reasons were increased production costs, rising wages and depressed world demand. Union Carbide's decision to go ahead has been seen in the light of renewed U.S. interest in building up a strategic stockpile, of which chrome is a vital element.

Nevertheless, with mining providing the largest scope for foreign investment in Zimbabwe, the reasons given by Anglo American for not expanding are in themselves important. The Japanese also point to high charges for electricity that have increased production costs in chrome and nickel smelting. The mining houses are a little wary, as well, of increased wages. In May, 1980, soon after the new government took over,

there was a general rise in the minimum wage.

Still, the Zimbabwean government realizes the importance of the mining sector. The mining companies get relatively generous foreign exchange allowances to buy equipment needed to replace and rehabilitate machinery that deteriorated during 15 years of international sanctions. The exchange control authorities also agreed to mining companies' being allowed to remit a greater proportion of dividends to foreign investors than companies in other sectors, which can remit no more than half their taxed profits.

There is some confusion, however, as to what the government will allow and what it will not as far as investment is concerned. There have been several calls for an investment code but there was little in the finance minister's budget, presented late last July, that indicated a move toward more specific guidelines. According to Salisbury-based economists and bankers, the critical determinant of investment in productive capacity and fixed assets is the medium-term profitability on the investment, not short-run tax incentives. Investment, they say, is more likely to be constrained "by the shortage of foreign exchange and skilled manpower, and concern about the viability of investments in a high-inflation economy."

Rise in Sales Tax

The budget set out to place Zimbabwe's finances on a sound footing in order to give confidence to both foreign and domestic investors, the minister said, and most observers have praised his efforts in prudent housekeeping. The measures introduced by Mr. Nkomo are likely to have a direct bearing on investors' thinking include a rise in sales tax from 10 to 12 percent, a 5-percent surcharge on all imported goods except fuel and capital goods of sanitary bodies, a doubling of customs duty on gasoline, a 15-percent surcharge on 1981-1982 earnings and profits, a 10-percent tax on interest paid to nonresidents and a capital gains tax of 30 percent (there are signs that the scope of this will widen in

(Continued on Page 75)

The Energy Campaign: Approaches Range From Bizarre to Brilliant

By John Edlin

IN THE REMOTE northeast hill country of Zimbabwe, farmers save thousands of dollars a month on electricity bills by snaring the sun's rays, drying their corn and tobacco with solar energy plants that cost only a few hundred dollars each.

For hundreds of miles down Zimbabwe's meandering eastern frontier with Mozambique, armies of workers are carpeting the mountain with pine trees for another generation's cooking fires.

At Cranborne army barracks on the outskirts of Salisbury, soldiers of the Zimbabwe Commando Battalion are served meals each day that have been cooked on stoves fired by gas from their own human waste.

"We are exploiting every source of energy we can," Industry and Energy Development Minister Simba Makoni said. "Like most developing nations, we're being strangled by mounting oil costs."

Great Strides

Unlike most developing countries, Zimbabwe has made great strides in tapping renewable sources of energy. The nation's advanced development of non-petroleum fuels is second only to South Africa on the African continent. But it still spends one-quarter of

its foreign expenditure on oil and remains dependent on the white minority government in Pretoria for its petroleum imports.

Like most Third World countries, Zimbabwe is constantly threatened with having to cut budgets for pressing reconstruction and development projects to meet oil price increases.

"An important priority of this government is to break the external stranglehold of the oil suppliers and of South Africa, which moves that oil," said Ronnie Chivya, assistant director of energy development in the newly created Ministry of Industry and Energy Development. "To do that, we're exploring and exploiting all manner of possibilities."

In a country where the cost of petroleum imports has more than doubled in three years — from \$110 million in 1978 to \$244 million of the \$812-million import bill in 1980 — government scientists, industrialists and amateur bottlers have devised a host of bizarre, bold and brilliant schemes to save money on oil.

Prohibitive taxes are put on the purchase of large cars. High gasoline prices (97 cents a liter) discourage unnecessary automobile travel. Dozens of diesel locomotives have been replaced by refurbished steam locomotives by

the state-owned National Railways of Zimbabwe. Farmers are encouraged to use mules, oxen, dray horses and even tame buffalo to pull plows.

Like many Zimbabweans, the Anglican bishop of Mashonaland, Peter Hatendi, leaves his car in his garage and travels several miles to the city each day on a bicycle. Christopher Makina, a domestic servant, bought a bicycle for three — himself in front, his wife behind and their baby strapped to the mother's back.

All this, of course, does not help the major problem: guaranteeing enough energy to fuel the economy. But efforts are being made.

More than \$1.4 billion has been earmarked by government and pri-

vate enterprise to provide the 1,100 megawatts of power immediately needed and the country's needs beyond the turn of the century.

While the joint Zimbabwe-Zambia Kariba dam generates two-thirds of the country's needs — one third is bought from Zambia — engineers are already building the first phase of a three-phase thermal coal-burning power station in the heart of the vast Wankie coal fields of Western Zimbabwe.

Wankie, developed by the South African-based Anglo American Corp., has about 30 billion metric tons of coal, with about 3 million tons being mined each year, some for export.

The first stage of the Wankie thermal project, due to be commissioned this year, is expected to produce 480 megawatts of power to boost Kariba's output. The second stage, awaiting a government go-ahead, is geared to generate at least 800 megawatts. The third stage, still on the drawing boards, will keep up with expected demands into the 1990s, according to Mr. Chivya.

Three other hydroelectric projects, harnessing the Zambezi River, from which Kariba Dam produces its power, have also been blueprinted. But environmentalists say that they would kill off thousands of wild animals. No final decisions have been made by the government.

One of Zimbabwe's success stories in innovative energy sources is alcohol fuel distilled from the southeast Triangle-Hippo Valley's oceans of sugar, which since May of 1980 has made up 15 percent of the fuel for the nation's vehicles.

A plant built by Triangle Ltd., a South African-backed company, under an agreement with the former white minority government of Ian Smith to convert sugar into fuel alcohol, is already saving the country about \$5.6 million a year in foreign exchange. It cost \$5.3 million to build.

The government has ordered that the output of the alcohol be increased from 40 million liters a year to 110 million liters by boost-

ZIMBABWE

ing production at Chisambanje, another sugar estate.

In a country where most of the people live in the rural areas, the Ministry of Industry and Energy Development, with a modest budget of \$2.1 million, is pressing ahead with projects to spread energy of all types to the remotest areas:

• Biogas, fuel from animal and vegetable wastes, is seen as a key to providing heating and light in villages that do not get electricity from the national grid, and government scientists are experimenting with low-cost plants.

• Windmills to produce electricity are being tested in the countryside.

• Solar power plants, already used in government schools, hospitals, at least one private hotel and army barracks, are being adapted for villages.

• West Germany and France have expressed interest in helping the government tap steam from hot springs around the country to power small electricity units for villagers.

• Scientists at the government's Institute of Agriculture and Engineering Research near Salisbury have mixed pure vegetable oils — from corn and sunflower — with diesel oil to run tractors.

Area	150,820 square miles
Population	7.4 million
GNP	U.S.\$5.07 billion
Inflation (12 months to July 1981)	14.5%
Currency	U.S.\$1 = 0.71 Zimbabwe dollar

while at the same time it was committed to increasing local participation through joint ventures with foreign firms. For this reason, the government is against "foreign mergers and the acquisition of Zimbabwean companies by foreign enterprises."

He attributed the hesitant behavior of overseas companies to a "wait-and-see attitude following the war" and predicted optimistically that they would step up their involvement in Zimbabwe "after they see our actions, our track record."

Perhaps the most serious, and certainly the most delicate, problem facing the government is a shortage of skilled workers in certain vital economic sectors, a problem that is being aggravated by the slow but steady emigration of whites.

Even though Zimbabwe has more highly educated and trained blacks than most African countries, it is still short of blue-collar workers such as mechanics, electricians and welders, jobs previously held by whites who are leaving in large numbers.

Although acknowledging that the Mugabe government is now confronted with these economic problems, Mr. Chidzero said that its current policy of "growth with equity" — based on land redistribution, progressive taxation, public sector investment in the rural areas and greater state participation in industry — was both realistic and viable.

"We can't have 100-percent equity and 100-percent growth, of course," he said. "Our goal is moderately high growth of 6 to 9 percent, along with progressively greater equity. This means marginal rates of income growth for the 'haves' and high rates of growth for the 'have-nots.' I don't think this kind of balancing act is impos-

sible, but obviously it is difficult to achieve."

The government is moving on several fronts to implement its growth with equity policy. Thousands of peasant families are scheduled for resettlement on abandoned and underutilized land previously held by white farmers. Personal income tax rates have been raised for those in high income brackets. Public sector investment has increased from less than \$200 million in 1980 to nearly \$300 million in 1981, including \$100 million for rural development. And the state has acquired Rhobank, one of the country's four major banks, and a large pharmaceutical company.

Key Assets

Much of the outcome of the program of economic reform will depend on Mr. Chidzero, a former deputy secretary-general of the United Nations Conference on Trade and Development (UNCTAD), and the members of his newly created ministry. All but five of the 38 professionals on his planning staff are newcomers to the government, many of them recent university graduates.

Even if the economy is going through a difficult trial period, the country still has several key assets lacking in other African countries.

Its economy is highly diversified and integrated, with industry accounting for about one-quarter of economic activity, an unusually high percentage for Africa, formerly known as Rhodesia, as it was then known — between 1965 and 1980 — compelled the Smith government to build up the industrial base in order to become self-sufficient in a wide range of manufactured goods.

Economic Reform Program Pushes Forward

(Continued from Page 5S)

nated against the black population, leading to large disparities in incomes between the races. At independence, the ratio of white to black incomes was 11 to 1, with a high of 25 to 1 in commercial agriculture and 15 to 1 in mining.

The other key goal of the current reforms is to increase local investment, thereby reducing the large share of foreign capital in Zimbabwe's economy. It is estimated that foreign investment, mainly by Britain, South Africa and the United States, accounts for about 65 percent of total private investment.

While these twin aims of promoting greater equality and local control may be laudable in principle, the Mugabe government is discovering that such aims are far from easy to achieve in practice.

Economic events during 1980 greatly cheered Zimbabweans. Whites who feared the nationalization of their businesses, summary dismissal from their jobs and other forms of economic reprisal from the government were relieved to find that their system of private enterprise and their affluence remained largely intact. The black population, which suffered severe hardships during the guerrilla war, was rewarded with civil service jobs, some measure of land redistribution and higher wages.

The economy grew overall by more than 10 percent in real terms in 1980, against 1 percent in 1979 and negative growth rates during the previous five years of civil war. This double-digit growth rate far exceeded the predictions of most observers, and made Zimbabwe one of the fastest-expanding economies in the world.

Mining Sector

The mining sector made the greatest gains in 1980, with high world prices for gold boosting earnings in mining by more than 30 percent to about \$580 million. Scores of unused gold mines were

Special to the IHT
MOVING forward with plans to transfer economic power to the black majority, Prime Minister Robert Mugabe has announced that the government will purchase control of some key industries to turn them over eventually to the black workers.

"Before we have control of our mines and farms, commerce and industry, we have no real power," he said last week at a party rally. He intends to move for greater government control of the white-dominated mining and farming sectors. "But we will not take the business by force; we will buy whatever we can take over," he said. "Whatever we take will be handed over to the workers so that they share the profits."

reopened during the year in response to the price rise.

Wage increases for both urban and rural laborers touched off an unprecedented spending spree by Zimbabweans in 1980, absorbing most of the spare capacity in industry and raising manufacturing output by nearly 15 percent.

Swift progress was made in rebuilding the economy. Thousands of rural schools, health clinics, government offices and livestock dipping-tanks, destroyed by the two guerrilla movements as part of their strategy of economic sabotage and radicalization of the rural population, were repaired during 1980 at a cost of about \$50 million. Zimbabwe's peasant economy, which comprises nearly half of the country's population of 7.4 million, was thus quickly put back onto firm footing.

There were good factors for Zimbabwe's 1981 economic performance. High prices for farmers plus plentiful rains yielded a record 3 million metric ton crop of maize, the country's staple grain.

With world prices for tobacco, Zimbabwe's traditional export crop, up considerably in 1980 to about \$2.60 a kilogram, the country could expect record earnings on its 70,000-ton harvest, and there are bullish plans to increase production this year to 96,000 tons.

Foreign Aid

At the Zimbabwe Conference on Reconstruction and Development (ZimCORD), held in Salisbury in late March, foreign aid donors from all over the world pledged \$1.8 billion in grants and low-cost loans to Zimbabwe to assist in rural development. These pledges far surpassed the expectations of most local officials.

Nevertheless, there were a number of problems. Some of these are beyond the government's control. Declining world prices for gold, asbestos and copper, the country's chief minerals, caused a drop in 1981 mining export earnings.

Serious transportation bottlenecks are due mainly to the antiquated state of the railway system that Zimbabwe inherited from the Smith regime.

Other problems, however, appear to be the result of the government's attempt to shift the economy in a radically new direction.

The 1981 budget, unveiled by Finance Minister Enos Nkala in late July, projected a record deficit of about \$680 million, equal to 11 percent of the gross domestic product. Much of the deficit is due to increased spending for health and education in the rural African areas to compensate for what the Mugabe Cabinet sees as neglect of these services under the Smith regime.

Higher levels of public borrowing to finance the revenue shortfall, plus the heavy demand for consumer goods that emerged in 1980, beated up the economy. The inflation rate, which remained below 10 percent for two decades, was expected to work out to at least 15 percent in 1981.

Another cause for the budget deficit is government subsidies on essential food items, including maize meal and milk products, currently running at \$180 million a year. Bernard Chidzero, the minister of economic planning and development, said that the government's policy was to reduce progressively and eventually to eliminate subsidies, but he acknowledged that, "with the current distortions that exist in the economy, some subsidies will have to remain in effect in the near future."

Despite the tight rationing of foreign exchange by the Treasury, the value of imports increased in 1980 by about 45 percent, resulting in a record balance of payments deficit of \$112 million. With the country's industrial sector in need of even greater imports of raw materials and capital goods in 1981, the balance of payments deficit was bound to widen.

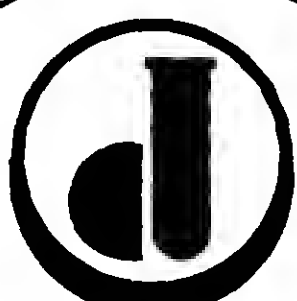
Foreign companies are also proving reluctant to invest. Economic analysts in Zimbabwe say that the companies doubt whether the Mugabe government is prepared to create a positive environment for foreign investment, including the necessary financial incentives.

Mr. Chidzero said that Zimbabwe favored foreign investment.

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BARKER, MCGORMAC RAL 173



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BARKER, MCGORMAC SALISBURY ZLT 12

Transportation Poses A Difficult Problem

(Continued from Page 55)

The two railway lines from Zimbabwe to Maputo and Beira were damaged by the war and were poorly maintained. The ports were not equipped for a big increase in traffic, and National Railways of Zimbabwe (NRZ) was short of locomotives, wagons and skilled technicians.

At the same time, Zimbabwe produced a record maize crop with a surplus of 1.25 million metric

tons. Zambia and Zaire stepped up their tonnage moving through the country in a bid to make use of the cheaper routes through the Mozambique ports, and local industrialists and mining companies were making strenuous efforts to get their products onto world markets, newly reopened to them.

As a result, NRZ moved 14 million tons in the year to June 30, 1981 — the highest tonnage since the breakup of the unitary rail system that covered Rhodesia and Zambia in 1967. But, with an estimated 16 million tons of freight on offer, NRZ was still faced with a substantial shortfall.

As new equipment for the Mozambique ports arrives, the flow of traffic through Mozambique will increase. The 300-kilometer pipeline from Beira to the eastern Zimbabwean city of Umtali was to open soon, relieving the railways of hauling 1 million tons of fuel a year.

Diesel and gasoline will be pumped through the restored pipeline to a depot being built at Umtali, and aviation fuels will be pumped from Mozambique's refinery at Maputo, severing Zimbabwe's reliance on South Africa for all oil products.

Investment

(Continued from Page 55)

the next few years). In addition, income tax is being charged on dividends sent abroad at the rate of 20 percent, effective from April, 1981.

Economists also point to the reduction of the Special Initial Allowance from 100 percent in respect to buildings, plant, machinery and vehicles, while depletion allowances for the mining industry have been abolished. Rural development, a key area in the government's plans, has had its special investment allowances revived while the Special Initial Allowance of 100 percent on such rural investment is also retained.

Last year, Zimbabwe held a successful conference to persuade other countries and international institutions to contribute to the rural reconstruction program. About \$2.06 billion was pledged, promising large scope for investment and business opportunities.

Zimbabwe is heavily dependent on investment, with its economy already dominated by foreign capital in mining, manufacturing, banking, agriculture and ranching. According to a study by D.G. Clarke for the British-based Catholic Institute of International Relations, about \$3.3 billion, or 70 percent, of the capital stock in Zimbabwe is owned by foreigners, mainly British and South African.

At least 130 British and 43 South African companies provide most of the foreign interest in Zimbabwe. This is a position the government is determined to change through joint ventures and by encouraging foreign firms to seek local equity.

The procession of businessmen to Zimbabwe has swelled since independence. Last May, 4,505 came — the highest monthly figure for years. But except for the big contracts to expand coal production and power generation at Wankie in the west, and the electrification of the railway from Salisbury to Gwelo in the center of the country, there have been no major investment moves. There are a lot of plans, but caution and a world recession that is squeezing Western generosity are holding back the large sums of money the country needs to exploit its vast potential.

The national cargo-flag carrier, Affreair, provides scheduled services to Amsterdam as well as to several Middle East centers.

Self-Sufficiency in Food

(Continued from Page 55)

nearly 50 percent to 300,000 acres. And with prolific average yields of 2.5 metric tons of maize an acre, the commercial farmers brought in a harvest of 2 million tons.

Yields for the black peasant cultivators, although only one-sixth of the level obtained on white farms, were nevertheless relatively high last year, with total peasant output of about 1 million tons of maize.

Maize deliveries to the Grain Marketing Board, which has a virtual monopoly on the sale of grains in Zimbabwe, stretched the storage and transport capabilities of the board to its limits. The largest maize crop the board ever handled in the past was 1.4 million metric tons in 1973.

Maize storage poses additional problems. Even though Zimbabwe's neighbors, including Mozambique, Zambia, Malawi and Tanzania, need to import maize, storages of foreign exchange in these countries to pay for the grain, and transport bottlenecks in Zimbabwe, limit the exports, leaving a mountainous stock to rot into storage.

The other thorny problem is the subsidy on maize meal, the country's main food, of about 45 percent. It costs the government \$250 a ton to deliver maize meal to the shops, where it is sold to consumers at only \$140 a ton. Not surprisingly, there are reports of farmers selling their entire crop to the marketing board and then buying back meal to eat, at a considerable profit.

Tobacco, Zimbabwe's traditional farm export, also had a good year, with a high-quality 1981 crop and prices on the Salisbury auction floor averaging a record of \$2.70 a kilogram.

After disastrously low prices in 1980 caused farmers to take heavy losses and resulted in a large portion of the crop remaining unsold, the Zimbabwe Tobacco Association imposed planting quotas on its members, limiting the 1981 crop to 70,000 metric tons.

Commercial farmers also produced enough soybeans, sugar and cotton in 1981 to cover domestic needs, with revenues on the surplus sold abroad to exceed the \$150 million earned in 1980.

The areas of agriculture causing concern to Zimbabwe farmers include wheat, where output is falling and imports may have to start up, and the fresh meat and milk industries, where production is failing to keep pace with rapidly growing domestic demand. Meat and milk exports, once major earners of foreign exchange, are being curtailed in order to satisfy local needs.

Nation With Growing Pains

(Continued from Page 55)

land distribution, higher minimum wages and a greatly expanded network of schools and health services.

Sobbing events last year, however, have again raised the question: Has Zimbabwe's colonial past left too many scars to make a policy of reconciliation work in practice?

Black Nationalists

Black nationalist leaders, held in detention by the Smith government for a decade or more, are now being asked to abandon feelings of bitterness over the treatment they received at the hands of the white regime. Can they truly overcome such bitterness?

Peasants who were herded into "protected villages" by the white-ruled security forces, and terrorized by both government troops and the guerrilla armies, are being asked to forgive both sides for their brutality. Can they possibly forgive so easily?

Whites, too, who for many years were told by their own government-controlled press that Mr. Mugabe was a "bloodthirsty Communist," are being asked to give him some measure of their trust as

the country's leader. Can they honestly do so?

Zimbabwe's racial future is still obscure. Regardless of government policies, there is bound to be some decline in the number of whites, but it is hard to say where the decline will stop and which positions whites will then continue to occupy in the economy.

Much depends on Zimbabwe's economic destiny, influenced by the government's stand on private and foreign investment and by the country's deteriorating relations with South Africa, its economically powerful neighbor. If the economy prospers, whites are likely to stay. If a deep recession hits, they are much more likely to leave.

But, ultimately, the multiracial character of Zimbabwe society hinges on the attitudes and policies of Mr. Mugabe's ruling ZANU party and its several factions. For one thing is virtually certain: Political power has passed irrevocably from the hands of a small white minority to those of a much larger black majority.

As a foreign observer in Salisbury put it: "Whatever a policy of reconciliation means, it cannot mean carrying on in Zimbabwe as before."

White Farmer Determined to Stay on Land

(Continued from Page 55)

intensive military harassment by the nationalist guerrillas or to financial pressures. But, since the war ended in late 1979, the number of white farmers remaining in the country has stabilized at slightly more than 3,000, and may even be gradually increasing as some whites return from neighboring Zambia, Malawi and South Africa.

Mr. Townsends' attempt to adjust to the economic and political changes brought by the end of the war and the advent of majority rule in Zimbabwe is in many ways typical of the situation currently faced by the country's white farmers.

Perhaps the bigger change for Mr. Townsends is the return of peace and of physical security for

himself, his wife, Cathy, and their three young children, and for his 100 black employees and their families living on the farm.

During the war, white farms were a prime target for attacks by bands of nationalist guerrillas infiltrating Zimbabwe from Mozambique and Zambia. "People living in Salisbury hardly even knew that there was a war on," Mr. Townsends said. "We farmers were the ones who lived with the war every day."

From 1977 onward, Mr. Townsends never traveled anywhere on his farm without a gun at his side, to defend himself from a possible ambush by guerrillas loyal to Robert Mugabe.

Like nearly all white farmers, he built a high chain-link fence topped with barbed wire around

his house to protect it from rocket attacks by the guerrillas. Two large guard dogs roamed around the grounds inside the fence. "The idea was that any rocket launched toward the house would have to penetrate the fence, and that would detonate it, so that only the core of the rocket would actually reach the house," he explained.

In fact, Mr. Townsends' house was never attacked, although several of his neighbors' farms were raided by guerrillas.

Vigilante Forces

When the regular Rhodesian Army was eventually stretched too thin to protect white farms, farmers in each area of the country formed their own vigilante forces, linked by short-wave radios and other electronic surveillance gear in networks that became known as the "agric-alert" system. Many whites, including Mr. Townsends, also organized their own on-farm militias, training their African employees to patrol the farms.

The security fence surrounding Mr. Townsends' house is still there, but the gates now stand wide open and unguarded. His on-farm militia has been disbanded except for a skeleton crew of four men who still walk around the farm premises with shotguns. Otherwise, all of the guns and ammunition so evident during the war have been put away.

Mr. Townsends believes that the war was fought not to end white domination of Zimbabwe's economy, including agriculture, but to end the psychological oppression of the white supremacist ideology. "The war was fought over dignity, not economic standing," he said. "Africans here are living better than anywhere else in the continent, but we Europeans just didn't consider their feelings."

The end of the war has also brought Mr. Townsends renewed prosperity on his farm. With the government-regulated price for maize up by more than 40 percent last year, and a record yield of 3.6 metric tons an acre on his farm, Mr. Townsends has gained handsomely.

Soybeans, used chiefly as cattle feed in Zimbabwe, are Mr. Townsends' second rainy season crop, grown alongside maize between November and April. Winter wheat is planted during the dry season after the soybeans are harvested, and watered using flood irrigation from the nearby river.

Successful Year

He acknowledges that 1981 has been a highly successful year financially for him and for most white farmers, but he is quick to defend himself against charges of exploitation or "super-profits," saying, "Until this year, only about 20 percent of us made enough money to pay income taxes." He added: "We farmers risk over \$250,000 every year, without insurance. So if a few farmers drive around in Mercedes, it's be-

cause we work bloody hard and deserve a few perks."

The end of the war has stabilized the labor force on Mr. Townsends' farm at about 100 workers plus their families. During the war, some unpopular white farmers saw their laborers desert them en masse, while others, such as Mr. Townsends, had to cope with an influx of refugees from nearby peasant farming areas, where the fighting was most intense.

The laborers, mostly natives of Malawi and Mozambique, live in housing that ranges from the traditional mud and thatch hut to small four-room brick dwellings built by Mr. Townsends.

There is a primary school on the farm for the laborers' children, and one of the managers' wives, a nurse, provides them with medical care, but these amenities are apparently exceptional for white farms in Zimbabwe. Education Minister Dzimal Mutumbuka has called farm workers the most neglected citizens in the country in terms of school facilities.

Mr. Townsends also runs a dry goods store and a butcher shop for laborers from his and neighboring farms, and says that the prices he charges are competitive with those in Salisbury and other Zimbabwean towns.

Black Rule

The final change for Mr. Townsends, and perhaps the most difficult one for most whites to adjust to, is the transfer of political power to the black majority. Surprisingly perhaps, he is calm and philosophical about the change. "The answer now is for whites to cooperate with the Mugabe government and not to heckle them the way Ian Smith and his people are now doing," he said, "because no white group will ever run this country again."

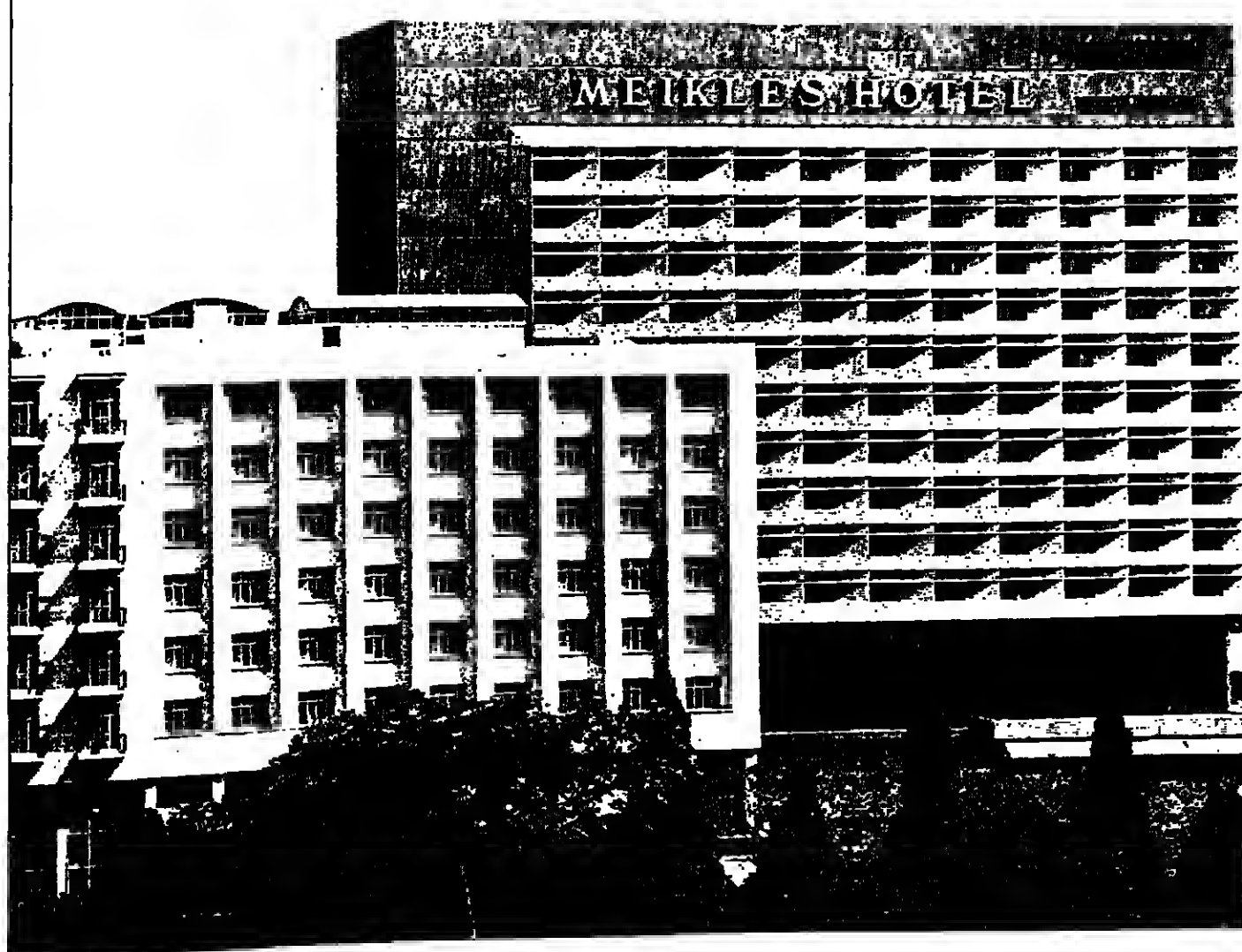
Like most whites in Zimbabwe, Mr. Townsends admits frankly that he is worried by what he calls a "press campaign which is anti-white," but he believes that the Mugabe government will ultimately protect the white farmers. "The government knows that it needs us to feed the country and to develop peasant farming, by using the wealth from one sector to bring up the other," he said.

He is also concerned by a recent government decision to eliminate special tax concessions for farmers by rising minimum wage levels for farm workers, and by the tight foreign exchange situation, which prevents farmers from replacing their aging machinery. Two small bulldozers used on his farm date back to the early 1950s and most of his tractor fleet is more than 10 years old.

But Mr. Townsends is determined to go on farming in a multiracial Zimbabwe because, he said, "This country is always the exception in Africa. I would only leave Zimbabwe if the government took me to the border by force and shoved me out."

—ROBERT HECHT

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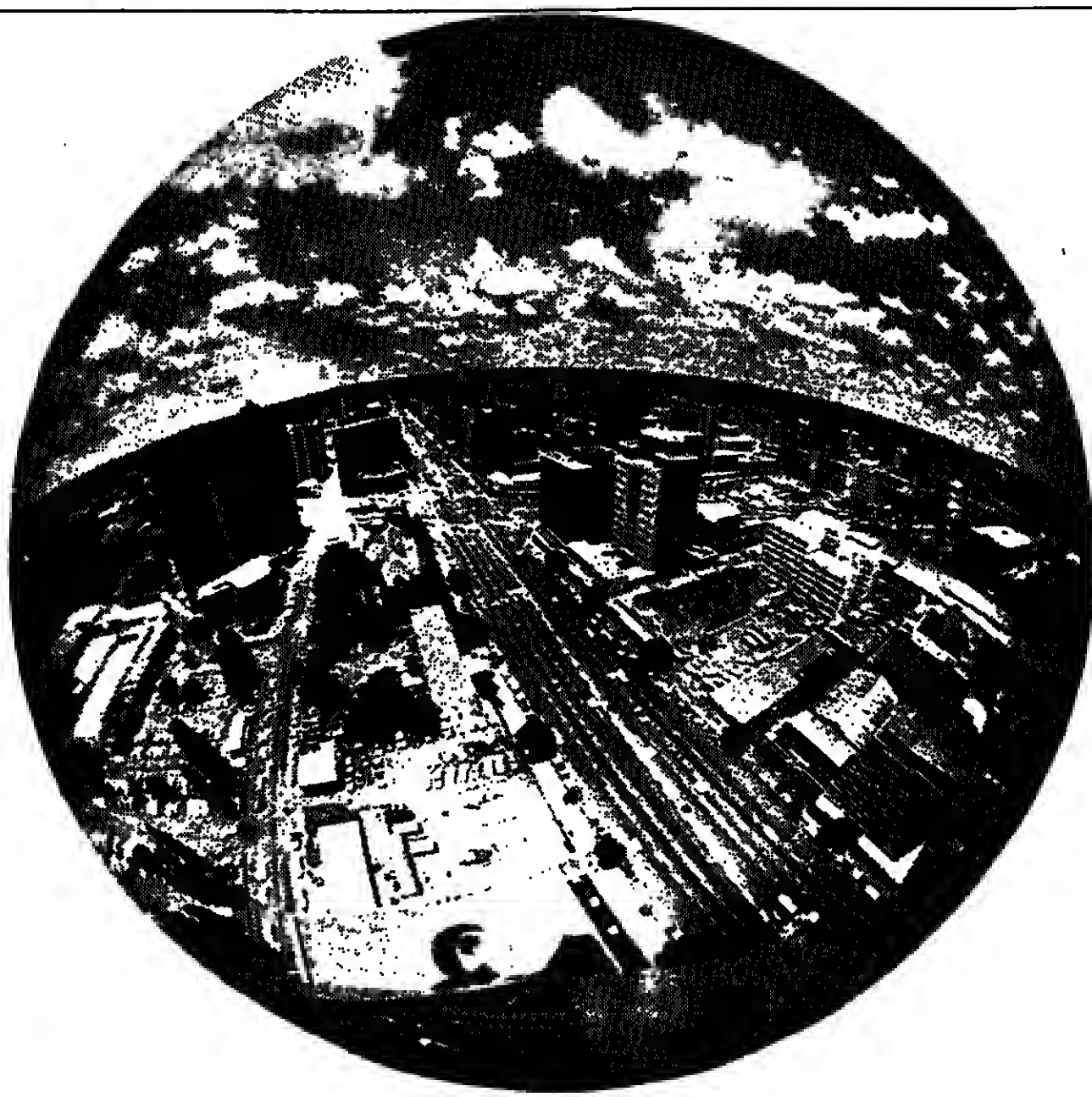
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'Holy Grail' Book Stirs Christ Controversy

By Mark S. Smith

LONDON — To call "The Holy Blood and the Holy Grail" controversial would be an understatement.

The book, published here Monday, suggests Christ married and had a child by Mary Magdalene, married and survived his Crucifixion, and has living descendants among European noble families.

"Absolutely absurd," said Anglican Bishop Hugh W. Montefiore of Birmingham. "It's worthless. [It contains] howler after howler."

"Absolutely obnoxious," said the Duke of Devonshire who, according to the book, is one of Jesus' descendants.

The decision is inevitable, says writer and filmmaker Henry Lincoln, 51. "We've been expecting it."

Lincoln, a Briton, and his co-authors, Richard Leigh, 39, a U.S. novelist, and Michael Baigent, 34, a New Zealander, spent more than 10 years researching the book.

In the book, published by Jonathan Cape, the authors say their version of events "is a plausible hypothesis which makes coherent sense."

It constitutes a more likely account than any we have encountered of events and personalities which, 2,000 years ago, imprinted themselves on Western consciousness."

Medieval Documents Cited

Research began with Lincoln's preparation of a 1972 British Broadcasting Corp. documentary on a 19th-century French priest, Berenger Sauniere.

The cleric reputedly amassed great wealth after discovering and deciphering four parchments hidden in a hollow pillar of his church at Rennes-le-Chateau, a hilltop village in the south of France.

The authors say they have discovered those parchments, or facsimiles, still exist and disclose the existence of a secret society called the Priore de Sion, founded in the 11th century at the start of the Crusades. Its aim was to guard the Holy Grail — according to medieval legend, the cup used by Jesus at the Last Supper.

The authors claim the society remains active, and that its adherents over the years included Isaac Newton, Andre Malraux, Victor

Hugo, Claude Debussy and Charles de Gaulle.

According to the authors, the words "Holy Grail" are a mistranslation of early French words for "royal blood," and the true purpose of Priore de Sion is to protect alleged royal descendants of Jesus and prepare the way for their accession to world power.

To bolster their description of the society, they provide several chapters of scholarly references from legends, romances, paintings, documents and the Bible.

All this is controversial enough, but author Leigh said it led the three to re-examine the conventional interpretations of the New Testament. That study led them to propound a "hypothesis" that:

• Jesus literally had a claim to being "King of the Jews" and was descended from the royal house of the Israelite King David.

• He married Mary Magdalene and had at least one child by her.

• He and sympathizers staged his Crucifixion and Resurrection and he survived into old age somewhere outside the Holy Land.

• Mary Magdalene and her offspring made their way to southern France — then Roman-ruled Gaul.

• Jesus' bloodline has mixed with that of the Franks and started the Merovingian dynasty of the early Middle Ages.

• The Merovingian line extends into the modern noble houses of Europe, so Jesus' descendants are alive today.

The book's contentions have met a religious firestorm.

"It is a sign of the degeneracy of our times that a publisher like Jonathan Cape should take this book," said Bishop Montefiore.

Montefiore catalogs what he calls 79 "instances . . . of gross errors, vital omissions, gravely misleading statements or the adoption of way-out hypotheses."

Another Anglican, Bishop Mervyn Stockwood, was even less reserved. "Let them write a second book suggesting that Caesar married Boadicea and that the offspring is Ian Paisley," he was quoted by The Times of London as saying.

"It will upset a great many people. Good, honest Christian folk," said the Duke of Devonshire who, according to the book, is one of Jesus' descendants because he is descended from the Merovingian kings.

Speaking for the Roman Catholic Church, the Rev. John Crowley, private secretary to Cardinal Basil Hume, said: "The thesis is incredible in the most literal sense."

In the book's last chapter, the authors say: "We are well aware, of course, that our research has led us to conclusions that, in many respects, are inimical to certain basic tenets of modern Christianity."

"While we ourselves cannot subscribe to Jesus' divinity, our conclusions do not preclude others from doing so. Quite simply, there is no reason why Jesus could not have married and fathered children, while still retaining his divinity."

The authors say they are merely making reasonable suppositions based on their research and new evidence. They add that serious work on medieval history has been obscured by the furor over their conclusions.

But even the conclusions, contends Lincoln, are reasonable.

He asks: "Is it more plausible that a man should be married and have children, or that he should be born of a virgin, attended by choirs of angels, walk on water and rise from the grave?"

Leigh has a Ph.D. from the State University of New York and has lectured in history. Lincoln is a documentary producer. Baigent has a degree in psychology and has done extensive research on the Knights Templar, the medieval organization which the book says was secretly run by Priore de Sion.

Revival of Old Theories

The suggestion that the Crucifixion and Resurrection were staged are ancient charges. Even the book of Matthew mentions such accusations, and the theory was revived in a book published some years ago called "The Passover Plot."

The theory that Jesus married has been raised, merely as a possibility, by a few serious Bible scholars, including William E. Phipps in a book several years ago called, "Was Jesus Married?"

In Jesus' time, young men were expected to marry by 18, wrote Phipps, head of the religion department at Davis and Elkins College in West Virginia. He also noted that nothing is known of the years between Jesus' childhood and the start of his ministry in his 30s.

NYSE Nationwide Trading Closing Prices Jan. 19

Tables include the nationwide prices up to the closing on Wall Street.

Market Summary										12 Month Stock High Low Div. in 5 Yr. P/E 100% High Low Div. in 5 Yr. P/E 100% High Low Div. in 5 Yr. P/E 100%																			
Dow Jones Averages										NYSE Most Active																			
NYSE										AMEX																			
Standard & Poor's Index										AMEX Stock Index																			
Odd-Lot Trading in N.Y.										Dow Jones Bond Averages																			
(Continued on Page 10)																													

AMEX Nationwide Trading Closing Prices Jan. 19

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock	High	Low	Open	Close	12 Month Stock	High	Low	Open	Close
AAV	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAIC	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75

12 Month Stock	High	Low	Open	Close	12 Month Stock	High	Low	Open	Close
AAV	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAIC	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75
AAICP	12.10	11.75	11.85	11.90	IBM	115.00	114.00	114.50	114.75

U.S. COMMODITY PRICES

Chicago Futures	Open	High	Low	Settle	Chg.
WHEAT	12.10	11.75	11.85	11.90	11.90
SOYBEANS	12.10	11.75	11.85	11.90	11.90
CORN	12.10	11.75	11.85	11.90	11.90
COYBEAN MEAL	12.10	11.75	11.85	11.90	11.90
COYBEAN OIL	12.10	11.75	11.85	11.90	11.90
COYBEAN OIL	12.10	11.75	11.85	11.90	11.90
COYBEAN OIL	12.10	11.75	11.85	11.90	11.90
COYBEAN OIL	12.10	11.75	11.85	11.90	11.90
COYBEAN OIL	12.10	11.75	11.85	11.90	11.90
COYBEAN OIL	12.10	11.75	11.85	11.90	11.90

Floating Rate Notes

Closing prices, Jan. 19, 1982

Banks	Rate	Bank	Rate
AAV	12.10	IBM	115.00
AAIC	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00

Eurocurrency Interest Rates

Jan. 19, 1982

Bank	Rate	Bank	Rate
AAV	12.10	IBM	115.00
AAIC	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00

Selected Over-the-Counter

Closing Prices, Jan. 19, 1982

Bank	Rate	Bank	Rate
AAV	12.10	IBM	115.00
AAIC	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00

London Commodities

(Quoted in U.S. dollars per metric ton)

Commodity	Price	Commodity	Price
AAV	12.10	IBM	115.00
AAIC	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00
AAICP	12.10	IBM	115.00

Canada's Royal Bank Buys Swiss Operation

LONDON — The Royal Bank of Canada said Tuesday it acquired Banque Occidentale pour l'Industrie et le Commerce (Suisse) from its parent company Generale Occidentale, which is headed by Sir James Goldsmith.

The wholly owned subsidiary, based in Geneva, is the first Canadian bank with a major presence in the Swiss market.

Taiwan to Encourage Indonesia Investment

TAIPEI — Taiwan will encourage its cement, paper and petrochemical manufacturers to invest in Indonesia as a way of securing raw materials, Taiwan's vice economics minister, Wang Chao-min, said.

Indonesian businessmen are to visit Taiwan soon for talks with their counterparts on establishing joint ventures and technical cooperation.

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The Directors have declared a dividend of U.S. \$3.00 per preferred share, the record date of which is November 30th 1982, payable January 15th 1983.

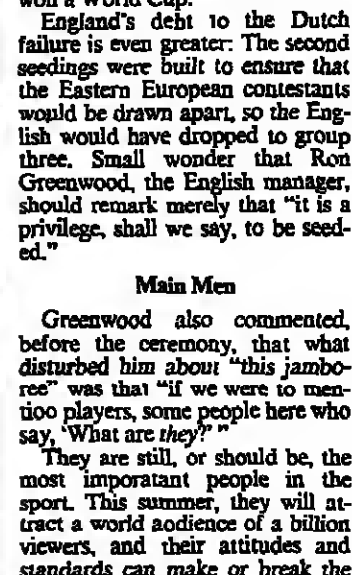
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Animated as a Muppet

a critical factor in that decline is certainly the type of safety-first, defensive soccer which, at the last major European club final, was

But there is salvation at hand. The opening match (officially, that is) between Argentina and Belgium may have undertones as dour as the goalless starts of the last two World Cups. But after the first round, in which tactical drawn matches are a danger, I anticipate some thrilling attacking play.

Why? Because the teams most likely to succeed in this cup — Brazil, West Germany, Argentina, the Soviet Union and (because it is the host) Spain — are equipped to go forward.

Brazil has realized the folly of abandoning the sweet flair of their birthright. West Germany learned four years ago that defense wins no trophies. Argentina can only press forward around Diego Maradona and the Russians have dis-

covered, in the image of the subtle and entertaining Georgians of Tbilisi, more fulfillment than in any of their previously rigidly-autotomated sides.

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